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CONTENTS

INTER-ARAB AFFAIRS

- Australia Builds Up Trade With Arab States
(Mike Lyons; 8 DAYS, 25 Apr 81) 1

AFGHANISTAN

- Fighting in Afghanistan Described
(AL-NAHAR AL-'ARABI WA AL-DUWALI, 6-12 Apr 81) 5

ALGERIA

- Commentary: Culture as Key to Political, Social Development
(Nour-Eddine Boukrouh; EL-MOUJAHID, 12, 14, 15 Apr 81) 8

IRAN

- Plans To Create a 'Reconciliation Government' in Iran
(IRAN PRESS SERVICE, 6 May 81) 19
- Role of Mojahedin-E Khalq Considered Major Factor
(IRAN PRESS SERVICE, 6 May 81) 20
- National Front Paper Attacks Raja'i Government's Know-Nothingism
(PEYAM-E JABHEH-YE MELLI, 25 Apr 81) 23

IRAQ

- Development Projects in Agriculture, Industry, Transportation Detailed
(KUWAIT TIMES, 3 May 81) 26

KUWAIT

- Syrian Convicted in Social Reform Society Bombing
(KUWAIT TIMES, 3 May 81) 28

Manpower Statistics Released (KUWAIT TIMES, 23 Apr 81)	29
Loan Made for Pakistani Fertilizer Project (ARAB TIMES, 5 May 81)	30
Briefs Pacific Venture	31
LEBANON	
U.S. Intentions in Lebanon Examined (AL-MAJALLAH, 18-24 Apr 81)	32
LIBYA	
Oil Minister Discusses Policies (AN-NAHAR ARAB REPORT & MEMO, 20 Apr 81)	39
Labor Shortage Threatens 5-Year Plan (Michel Szved-Cousins, 8 DAYS, 11 Apr 81)	42
Briefs Capital for AFESD	48
MOROCCO	
Bouabid Comments on Mideast, International Relations (MAROC SOIR, 18-19 Apr 81)	49
SUDAN	
Ba'th Party Presents Economic Report (AL-DUSTUR, 23-29 Mar 81)	52
Efforts Made to Stem Emigration (AL-DUSTUR, 23-29 Mar 81)	63

AUSTRALIA BUILDS UP TRADE WITH ARAB STATES

London 8 DAYS in English 25 Apr 81 pp 30-33

[Article by Mike Lyons]

[Text]

With its abundance of mineral and energy resources - only partially exploited to date - and its vast meat and grain production, Australia's already healthy economy is set to boom as never before in the resource-starved world of the Eighties and Nineties. Spectacular examples of the growing relationship between Australia and the Middle East, in particular the Gulf states, abound. Last month Doug Anthony, the deputy premier and trade minister, visited Cairo to follow up a \$203m deal to supply one million tonnes of wheat to Egypt this year. And last year Sheikh Yamani visited the country that once rode only 'on the sheep's back' to finalise a \$1.2bn per year bilateral trade agreement. MIKE LYONS reports on what Australia has to offer the Middle East.

THE VISIT to Egypt last month of Australia's deputy prime minister, Doug Anthony, was the end of a busy year for him in the region, in particular the Gulf states. As minister for trade and resources also, he has signed trade and economic cooperation agreements with Saudi Arabia, Bahrain and Iraq. Agreements with Oman have been initialled, while those with Kuwait and Qatar are under negotiation.

The aim of these recent initiatives is to set up a framework within which the Australian private sector can operate. The Australian businessman has come under heavy criticism from both his own and Arab governments for failing to appreciate the opportunities in the Middle East - as well as the need for a more personal touch in doing business there. With this latest round of agreements, the decks have been cleared for Middle East-Australia trade to expand.

Canberra's initiative reflects the country's gradual change in attitude towards the Arab world over the past 10

years. In particular, the Soviet invasion of Afghanistan provoked the sabre-rattling amongst the ruling Liberal-Country Party (LCP) coalition which Australians have come to expect. Except for a brief dalliance with socialism under the Whitlam government (1972-75), Australia has been led by the LCP since 1948. The Liberals' ideology is closer to Thatcherism than their name implies, whilst the Country Party - which Anthony leads - represents the farming and pastoral interests.

Some of the chief beneficiaries of these recent agreements will, of course, be Australian farmers. During 1979-80, the Middle East absorbed 32 per cent of Australia's wheat and sheep exports, equivalent to 5m tonnes of wheat and 100,000 tonnes of sheep meat. Some 5.6m live sheep are exported annually. In addition, the Middle East consumes 40 per cent of Australia's dairy exports.

Live sheep exports have been a sensitive issue in Australia where abattoirs, currently

running at 45 per cent capacity see jobs being lost along with the live sheep exports. A recent confrontation between wharf labourers — who, in response to a call by meat industry unions, were refusing to handle loading — resulted in the recession-hit farmers doing the job themselves. Despite the clash of interest, live sheep exports will continue to grow.

The Gulf is a market of increasing importance for Australian meat. In Saudi Arabia, there is rising demand for chilled meat, delivered direct by air rather than transhipped. Future growth depends on the building of adequate storage and distribution systems. The Saudi national shipping company intends to import live sheep in its own vessels, as shipment costs from Australia to the Middle East are high by international standards.

Wheat has been a staple Australian export to the Middle East since the early 1960s. Prior to Anthony's visit, the Australian Wheat Board and Egypt signed a A\$175m (\$203m) contract to supply 1m tonnes of wheat during 1981. (Australia earns \$2.1bn annually through wheat exports.) The deal was struck at an average of \$198 per tonne, a favourable price for the Australians but offset by soft credit terms for Egypt: two years to pay, at an interest rate of 12 per cent, not expensive credit for the Egyptians.

During the early days of the Iranian hostage crisis, the US mooted the possibility of a grain embargo. The vulnerability of Gulf states to the whims of their suppliers has not gone unheeded, and various Middle East states are considering the establishment of a strategic regional wheat reserve. Unofficial discussions have been held with the Australians, who have offered planning and technical expertise. During 1981, the Australian government will send personnel to Saudi Arabia to advise on the setting up of its own wheat growing programme.

Reflected in all these government

dealings is the changing pattern of world markets, and the impact of such changes on traditional suppliers. Statistics show that developing countries, including the Middle East, are assuming a greater importance for Australia than its older, traditional, markets.

Exports to the UK since 1958 have fallen from around 27.1 per cent of total exports to 3.9 per cent by 1978, due primarily to Britain's entry into the EEC. Consequently Australian entrepreneurs have had to seek outlets closer to home. In order of importance the chief market regions are Japan, the US, the EEC and the Middle East. Japan accounts for 31.7 per cent of Australia's exports, compared to 12.6 per cent two decades ago, and the US some 10.5 per cent, an increase of 4.8 per cent over the same period.

Australia imports chiefly crude oil and refined petroleum products from the Middle East. Imports from Saudi Arabia, valued at \$17m in 1958 (a mere 0.9 per cent of imports), had risen to \$413m (3.2 per cent) by 1978. The significance of this has not been lost on the Australian electorate which, although the country is 64 per cent self-sufficient in oil, has become sensitive to the stability of its Middle East supply.

As deputy premier Anthony stated: 'Nothing makes clearer the need for Australia to mount an all-out effort for independent fuel supply security than the threat to world supply raised by the Iraq-Iran conflict.' Until energy independence is realised, the Middle East will remain the chief supplier of Australia's crude oil imports.

Officials of the Australian Overseas Project Corporation (AOPC), a federal government umbrella for placing Australian projects in the right regions, sees greater opportunities in Gulf states now that they have moved into their second development phase, having substantially established their base infrastructures. It is at this stage that the Gulf states will be

Australia's export markets

(in \$A millions, \$A1 = \$US1.16)

	1957-58	% of total	1967-68	% of total	1977-78	% of total
EEC	814.4	49.8	783.6	25.7	1,704.4	13.9
ASEAN (SE Asia)	69.0	4.2	194.0	6.4	853.1	7.0
North America	121.0	7.4	456.4	15.0	1,570.0	12.8
Centrally planned economies	67.0	4.1	215.2	7.1	993.0	8.1
All developing countries	289.6	16.5	735.2	24.1	3,293.7	26.9

Source: Australian Dept of Trade and Resources

launching projects of a scale appropriate to the application of Australia's particular skills and technology. Up to now such involvement has been severely limited, as Australia possesses no companies with either the range or the capital of giants like Dow or Mitsubishi, who are heavily involved in Saudi Arabia's petrochemical industries.

One interesting, if small, exception is Australian Shale and Coal (ASC), which has established a foothold in the region. ASC is reported to have a 42.5 per cent interest in the petroleum exploration licence of the emirate of Ajman--thought to be the first such involvement by an Australian group. There are plans for an on-shore well to be drilled--some seven kilometres from a major oil and gas discovery on a block belonging to Amoco Sharjah Oil Company, owned by US Standard Oil of Indiana--around June, and an offshore well next year.

However, the main Australian push at this stage of Gulf development will clearly be in the agricultural sector, which opens up the obvious and well-tried avenues for 'dry land farming' and irrigation techniques. Dry land farming techniques, developed primarily in Western Australia and South Australia, have been applied successfully in the past decade in Libya, Algeria and Jordan. Developed initially for Australia's limited rainfall areas, the technique is based on the integration of livestock management with pasture legumes and cereal rotation.

The legume phase provides the fodder and improves the mineral-depleted soil, thereby boosting cereal yields in subsequent crops. In essence the system replaces cereal-fallow rotation with cereal-pasture-legume rotation, offering advantages of improved cereal and livestock production as well as greater agricultural returns.

At the Australian-led Jabal al Akhdar project in Libya, which has been going since 1975, the aim has been to create a farming resettlement programme for nomadic shepherds. In northern Iraq, on the other hand, the Australians last year signed a \$9m contract for a three-year programme of agricultural experimentation on the low-rainfall margin of the cereal-growing area around Tel Afer.

Associated with the scheme is a practical development of two farms, one of 2,500 hectares (on which cereal-medic rotation farming would be established) and another of 7,500 hectares on which there would be medic pastures for sheep grazing. Medic seeds, originally from the Mediterranean area, provide ground cover which prevents soil erosion and simultaneously fix nitrogen for other plants. As the system uses shallow ploughing, rather than the deep farming used in Europe, the soil is not over-exploited.

Other areas of Australian involvement include participation in Saudi Arabia's meteorological service and a joint-venture partnership of the Sydney engineers Vallentine, Laurie & Davies (under the name Saudiaust) for planning and engineering consultancy on a residential community for the Jubail industrial city project.

Australia's investment potential has yet to be exploited by Middle East investors. Unfortunately the so-called Khemlani affair of the early 1970s, which contributed to the downfall of the Whitlam Labour government, gave Arab money a bad name. (Tirat Khemlani, a Pakistani businessman, is alleged to have offered to act as the

Labour government's go-between in getting Arab finance for some of its extensive programmes. Aspects of the alleged arrangement caused an uproar when leaked to the press.)

Fortunately this attitude towards Arab money is gradually disappearing. During 1979-80 the Foreign Investment Review Board (FIRB) considered 20 proposals from Middle Eastern interests for investment in Australia, amounting to \$137m (two per cent) of the total prospective expenditure by foreign parties. To date most direct investment has been to the 'other industries' sector (such as real estate and the travel industry) with only a small amount going into manufacturing.

Canberra is keen to widen the scope of Middle Eastern investment. Now that the Gulf states are processing minerals, Australia could become a source of iron ore (for Qatar's direct reduction steel mill, for instance), alumina and copper. Suggestions have been made in government circles that more Middle Eastern money should go into the development of new Australian resources projects. Australia lacks this sort of capital and with it the country will be able to get its projects established. It will give the Arab states greater security of supply for raw materials, which they will need in increasing volumes.

The point was not lost on Saudi Oil Minister Sheikh Yamani during his visit to Australia in late 1980. Yamani made no secret of the fact that he was worried about Soviet penetration of the Arab world, and

at the National Press Club in Canberra, he told journalists that he wanted to 'enmesh (Saudi Arabia) with as many rock-solid trading countries as possible'. Australia, he added, was high on his list.

The purpose of Yamani's visit was to firm up last year's \$1.2bn per year bilateral trade agreement with the Saudis. But it was also to 'expose' Yamani, according to an Australian Department of Trade spokesman who accompanied him, to a country which has been ambivalent in its dealings with the Middle East.

The 1980s will be a significant period of development for Australia, and the country will go into the 1990s in a stronger position than ever. According to the pundits at the OECD, Australia's resources and coal-based projects will make its economy one of the world's healthiest. Ironically, it was the Opec oil increase which made many of these coal-based projects feasible. Australia's coal reserves are estimated at 170bn barrels of oil equivalent of which only 2 per cent will be consumed domestically by 1990. Uranium estimated reserves are 26bn barrels of oil equivalent, which will not be used locally in this decade. Natural gas reserves are estimated at 4.2bn barrels of oil equivalent, about a quarter of which is being consumed locally.

Within the next five years, in fact, some 30 resource-based projects, with a conservative value of \$4.5bn, will be started. During 1981, the Northwest Shelf gas-gathering project, and two big aluminium smelters, will get off the ground.

Australia's trade with the Middle East

(in '000s of Australian dollars, \$A1 = \$US1.16)

country	1977-78		1978-79		1979-80	
	exports	imports	exports	imports	exports	imports
Algeria	12,691	1	2,429	—	3,068	3
Bahrain	38,031	75,328	40,897	96,404	59,606	135,481
Egypt	187,635	115	193,971	92	327,903	79
Iran	179,397	82,645	115,904	38,932	251,815	83,687
Iraq	70,023	117,554	93,335	94,895	226,042	150,512
Jordan	2,155	—	1,556	—	4,653	826
Kuwait	64,525	194,715	75,648	159,569	97,165	311,065
Lebanon	405	141	4,127	185	624	242
Libya	11,378	1	15,851	—	24,763	—
Morocco	83	1,528	164	822	720	92
Oman	16,557	—	20,377	—	22,631	—
Qatar	8,529	26,571	9,085	1,197	16,370	26,360
Saudi Arabia	87,031	355,220	125,956	359,497	220,501	625,607
Sudan	3,020	441	1,708	878	1,285	906
Syria	199	37	2,555	3	201	13
Tunisia	618	16	177	5	172	10
UAE	32,953	24,968	39,751	64,428	85,285	117,212
Yemen AR	29,770	—	14,222	84	57,711	100
Yemen PDR	17,337	566	10,383	185	32,687	14
total	762,337	879,848	768,096	817,176	1,443,211	1,452,309

AFGHANISTAN

FIGHTING IN AFGHANISTAN DESCRIBED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic 6-12 Apr 81 pp 32-33

[Article: "Military Report: The Non-Confrontational War between the Soviets and the Mujahidin"]

[Text] About 2 weeks ago Muhammad Amin Wardak (28 years) passed through Paris. He is one of the leaders of the Afghan Resistance and the son of one of the important personalities in the province of Vardak. The observations of this man on the way in which the battles between the Afghan Resistance and the Soviet occupiers are being conducted are of special importance. They provide an explanation for some well-known but unclear information about the Afghan Mujahidin who were recently able to deal blows to the Soviets and make a list of the equipment and the materiel they need to create for the Soviet Union its first "Vietnam."

Muhammad Wardak and the 300 fighters whom he leads support the National Islamic Front of Afghanistan which is led by Sayyid Ahmad Jaylani whose heritage can be traced back to the Prophet Muhammad. Wardak says that the families that are under his command can supply him with 30,000 fighters if he can provide those fighters with weapons and munitions. Those who fight under his command never fight together. They are rather divided into ten groups, each including 30 individuals [sic]. These groups move about frequently, going to the mountains after specific targets and returning after they run out of provisions.

The military targets vary from discovering the route of one of the Soviet convoys through an informer, to seizing a Soviet truck filled with provisions, to executing an Afghan communist.

An attack on one of the convoys is carried out as follows: The road is planted with mines a few minutes before the convoy passes and not before. This is because a mine sweeper with long arms travels on the road before the convoy to clear the road. The mines that the Mujahidin use are mostly Soviet or Polish mines or Czechoslovak "Ghaliyat" mines that are used against heavy motorized vehicles. Sometimes mines that are made from unexploded missile heads which the Soviets fire from their T-54, T-62 or T-76 guns are used.

Because the roads are rugged these mines can also be concealed easily. When the first vehicle explodes over one of the mines, Soviet soldiers begin firing shots in all directions. They also try as much as possible to stay inside their armored

vehicles. During that time the Afghan Mujahidin fire shots slowly because they have little ammunition. Each one of them, for example, carries a Kalashnikov machine gun with three clips of ammunition or about 90 shots. In this case the bullets [fired by] the Mujahidin hit the armored vehicles without causing any damages in the enemy's ranks, but to the Soviet soldier [who finds himself] prisoner in a "tin can" the bullets cause great psychological torment. When the Afghan Mujahidin have anti-armored weapons--they only have RPG's--they then try to get as close as they can to the trucks so they can be certain of hitting their target.

This kind of battle always takes place at night. This prevents the Soviets from using their air force. The Mi-24 Hind helicopters, which are armed with a 12.7 mm machinegun and six batteries with 32 57 mm missiles in each battery, sometimes carry anti-armored vehicle missiles or two guns so that their efficiency during the day is quite high.

Usually the soldiers stay close to their motorized vehicles until the morning when the helicopters and the repair vehicles arrive to tow the damaged motorized vehicles after a night during which soldiers do not stop firing their weapons from their motorized vehicles so that no one would approach them.

Wardak says, "If we had anti-armored vehicle missiles, not a single motorized vehicle would have been able to return in the morning. But in most cases all that we have are a few Molotov cocktails and one or two RPG's which we use at the beginning of our attack."

At dawn the Afghan Mujahidin go into hiding and they stop firing [their guns] mostly because they have little ammunition. If the Soviet motorized vehicles are greatly damaged, they stay in place and the Soviet helicopters come and bomb them so that the Mujahidin cannot repair them.

Russian soldiers do not usually seek a counter attack. They also do not leave their motorized vehicles behind unless one of them is hit and then they move to another. (16 soldiers in a BTR-60 or 13 in a BMP). Russian soldiers also spend between 12 and 15 hours in an area not more than 6 meters long and 1.5 meters wide and high in the middle of the smoke and in fear of the RPG missile.

Afghan fighters have often been surprised by the indomitability of many of the Soviet armored vehicles. The best of them are the low-level 1.47 mm BMP's. These are armed with 73 mm caliber guns with 40 shots and with a 7.62 mm revolving machine gun provided with 1,000 shots. They can carry eight soldiers who, with the use of zoom binoculars, can fire guns while the vehicle is moving. This makes the armored vehicle very effective. It can also go down slopes that are 40 kilometers deep. A tank that has less equipment than the BMP is the BTR-60. It can carry 16 soldiers, and it is equipped with one 14.5 mm turret gun and two 7.62 mm caliber IV-T machine guns.

The Soviets in Pursuit

The only attacks that the Soviet soldiers carry out in Afghanistan are the pursuit operations [which they undertake] within the range of cities, especially when the violence of the Mujahidin increases and begins to reach the suburbs.

In these attacks the Soviets bomb first because of their artillery and their air force. They bomb an imaginary road in the mountain, and then their tanks advance step by step under the fires of their own constant shelling. The Mujahidin retreat in front of this continuous shelling and the operation of purging the sanctuaries and the establishments that were set up by the Afghans begins. The battle ends without a Soviet soldier coming face to face with an Afghan Mujahid.

We may deduce from this that the magnitude of the Soviet military presence in Afghanistan is due primarily to the capability the Soviet military has in the area of tanks and helicopters without which they would have stayed in the ancient British fortresses that go back to the 19th century where they take refuge.

Amin Wardak says, "If we had a large number of anti-armored vehicle missiles, the movement of Soviet machinery in Afghanistan would have been suicidal."

Within the ranks of the armed men who belong to the Afghan Resistance--and their number amounts to about 150,000 Mujahid--there are 5,000 Russian-made RPG missiles and 10,000 U.S.-made "Tow" missiles. But advanced missiles such as the Dragon, Milan and Folgore are unavailable in Afghanistan until this hour since the fighters are quite remote from all forms of technology. The problem which Afghan fighters have with the heavy and indomitable T-62 tanks can be solved with a number of Tow missiles, about 100 of them.

In the air 50 anti-aircraft Russian SAM-7 and Gabriel missiles or the easy to use American Red-Eye missiles can help direct a strong blow to the Soviet patrol airplanes. The Mujahidin also need ammunition (100 shots for each one of them daily) so they can launch a general attack. This means that they need several million missiles and scores of thousands of offensive guns so they can continue their resistance.

So far, only Egypt has provided the Afghans with some equipment: a few hundred Kalashnikovs made in Egypt and 100 RPG's. The difficulty lies in the delivery of the weapons; that takes place on the Pakistani-Afghan border, and the weapons are carried on the backs of mules or men. A solution to this matter can be found by (planning) a parachute operation that would be carried out by experienced pilots such as those who had previously taken part in Vietnam, provided that a base is established and a number of secret bases are established in Iran or Pakistan.

The Losses

The Soviets: 5,000 dead and 5,000 wounded.

The Mujahidin: about 4,000 dead and 15,000 wounded.

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COMMENTARY: CULTURE AS KEY TO POLITICAL, SOCIAL DEVELOPMENT

Algiers EL-MOUJAHID in French 12, 14, 15 Apr 81

[12 Apr 81 p 2]

[Commentary by Nour-Eddine Boukrouh: "Regarding the Cultural Dossier: the Truth About Culture"]

[Text] Since the extraordinary congress of the FLN a stage of democracy has existed which has not been much experienced in this country, if one were to except brief periods of time like that during which the people debated the constitution. Today the curtains have been raised, people are expressing themselves, balance sheets are being prepared, and explanations are being requested.

At the National Assembly, in the Central Committee of the party, politics in major meetings no longer seem to be that "art of keeping people from becoming involved in what concerns them," of which one observer spoke with bitterness.

People have dusted off files concerning our collective destiny: petroleum, agriculture, Arabization, health.

For this real situation of responsible democracy there are several reasons, of which not the least is the engaging attitude of the president, his realistic style, his sincerity.

There is also the general feeling of clearing the decks in view of the degree of difficulty noted in certain economic sectors like housing or the distribution of goods.

However, besides that there are also in the shadows the threatening maneuvers of those who are working to make the climate deteriorate by pressing for a kind of pseudo-democracy. This is not democracy or its practices but is rather a kind of perversion of it in the form of the presentation of exaggerated demands, an exaggerated sense of ethnic identity, nihilism, etc.

For the benefit of the debate on culture we have noted that certain voices have been raised, some in order to attempt to misdirect it by calling for the reawakening of partisan views, while others have sought to minimize the matter by deliberately reducing culture to a history of its dissemination by radio and television, movie theaters, professional statutes, painting, folklore, etc.

It is necessary to say that things began badly from the moment when an attempt was made to ignore the fact that culture was not just like any other subject, one question among others, one area of activity among others, but rather the alpha and omega of all forms of politics, of all manual or intellectual activity, their source of life, their frame of reference, which gives them or takes from them all sense of direction.

Some have played with the notion of culture by comparing it to a sector which has not yet been the object of financial largesse, which they now hasten to "remedy."

Certainly, provide a statute for those who do not have one. Increase the number of cultural centers, movie theaters, bookshops, museums, libraries. Exempt from tax the manufacture of traditional handicrafts; provide allowances; provide housing, transportation, and organize cultural workers into trade unions. However, please don't tell us that the problem of culture in our country involves nothing more than the satisfaction of socio-professional claims (as certain people like to say). That would have been too simple: a matter of money and bureaucracy, and we would all have been happy.

Let's be serious!

We most certainly lack many things. We don't have many distractions. Our weekends are long and boring, but there is something more important and more serious than our weekends. There is the rest of the time, that is the week as a whole, our daily routine of stress, our unhappy existence.

Before thinking of how to occupy our leisure time it is necessary first to think of how to arrange our essential activities.

Before dreaming about ways to relax, to make us laugh, to gape with admiration at works supposedly resulting from our forthcoming investments, think first of the way to transform us, to make us more serious, effective, productive, conscientious, useful: to ourselves, to the nation, to humanity.

That Is Culture

It is not a matter of improving the quality of our diversions but rather of providing a real content, a direction to our essential occupations.

It is not a matter of our evenings or weekends, of dancing or other amusements, but rather of our reason for being on earth, of our manner of existing at all times in our lives, of behavior in our working places and in the street, of social morale and of our relationships with our neighbors and with nature.

The real problem, the real question is to make us move from the "pathological conglomerate" that we are to the "core of the potential" that we should achieve, under pain of seeing ourselves, once again, swept from the path of history.

Let's not lose our sense of direction.

A psychic identity is not formed at the theater or at a cinema club, listening to Cheikha Remiti or Cheikh El Afrit, attending the show at El Pirane or Krikeche, but in the village or city where we saw the light of day, in the street where we took our first steps, in the train we rode on for the first time, in the total process of acculturation which characterizes our present social life.

The "cultural vacuum" which has long been discussed was not "full" elsewhere and everywhere, except in the sphere of culture.

A cultural vacuum occurs when things are going nowhere: at the factory or in the office, in the field or at the hospital, in our neighborhood or 8,000 meters high on one of our domestic flights.

If there is a vacuum or a shortcoming, it is in ourselves and not in the "means" available to us. It is in our ideas, in our habits, in our urban mores that it exists. The rest is nothing, or at least open to remedy.

Before it is a matter of job security or administrative regularization, before it is the fertilizer of the spirit or what remains when one has forgotten everything (this is particularly our case), culture is the problem of our life in all its dimensions and implications, whatever our age, our sex, our social purpose, or even our fantasies.

Let's have no illusions. It is not enough to have a "cultural policy" to tear us out of the terrible state of a lack of culture in which we are involved. More is needed. It is necessary to have a kind of "social binding material" which we are so much lacking. We need a collective ethic which will give us an "internal consistency." We need development.

It is only when all of that is assured that we will be able to speak of becoming a true society, a great people.

With the exception of all those who live for "culture" (as distinct from those countless people who live from culture, and I mean to the last detail), and considering that an introverted concept of development has led to the worst kind of humiliation, I do not think that, within the time generally allocated to an investment to pay a return, our country will have its own culture.

Leonardo de Vinci or Omar Racim did not wait until a "statute of the artist" was prepared for them before they went to work and astonished those who saw their creations. Ibn Sina or Dostoevski did not demand either housing or a food allowance, or royalties, or a snack bar to carry the honor of the mind so high. Neither the former nor the latter, nor Boulem Titiche or "Boubagra" either, were the products of a financial grant earmarked for culture.

[14 Apr 81 p 2]

[Commentary: "Origins and Destiny of the Algerians"]

[Text] There are questions which, like shooting pains, do not stop coming to mind except when a clear and lucid mind has answered them, easing and comforting itself. The question about our origins is in that category.

Repressed for a long time by the existence of a limited vision of certain problems and of the response which it was customary to give to them, the question of our origins has come up again as one of the central points of the debate on culture.

Who are we?

/"A people is not a linguistic, political, or zoological unity but a psychic unity. A people is a unity of the soul. Not all the great events of history, properly speaking, have been the work of a people, but they have first of all produced this people. Neither unity of language nor physical descent are decisive. What distinguishes a people from a population is always the internal coalescence of "us." The deeper this sentiment the more vigorous will be the vital force of association."/ [in boldface]

This definition, one of the best given of the notion of "people," proposes for our reflection the order according to which our investigations on our origins should be arranged. The latter should not be accomplished so much in the anthropological sense as in the sense of our political integration. I mean in the "internal coming together" of "us," of our feeling of constituting an entity.

What difference does it make to us to know today if we belong to the dolichocephalic or brachycephalic group of head types, whether we are descended in the direct line from Mechtas Larbi or Cromagnon man (since it has been said that some of us had Germanic ancestors), whether we belong to one branch of the white race rather than another?

Our intention should not be misrepresented. We do not intend to discourage research work which remains to be done in this area. However, we think that we should not expect conclusions to be reached which are likely to confuse the true facts of the problem.

Up to the present all research seeking to classify us as human beings has led to this result: there is no Berber race but only Berber types. In the same way there is no Berber language but simply Berber dialects.

Phonology has determined that there are no less than 1,200 local dialects within the three basic groups of Berber dialects, that is, the Zenete dialect group, the Canhadja group, and the Macmouda group. These dialects, collectively called Lybic, belonged to an extinct linguistic family classified under the name of Hamidic or Proto-Semitic, which in turn came from ancient Egyptian through Coptic.

In this language there are words of Phoenician, Latin, and Arabic origin, among others.

Not having our own system of writing, until the advent of Islam we always expressed ourselves in written form in the language of our conquerors.

Apulee de Madaure, Fronto de Cirra, Optat de Milev, Tertullian, etc, those whom one can, in the last analysis, consider to be eminent representatives of the Berber soul, had no other resource than to write in Latin, a language which some of them contributed to strengthening at a time when the whole Latin world was placed in danger by a return in force of Greek.

To return to the question of origins, that is to say, to the historical path at the end of which we became the Algerian people, it is appropriate to summarize the principal stages of our evolution toward the social entity which we are today.

In the present state of knowledge, it is a fact that our history before the Phoenician period is completely unknown. The first to mention us, the Greeks, gave the name of Libya to the North African coastal regions and that of "nomads" to their inhabitants. It was out of these "nomads" that the Romans would make Numidia.

However, the Romans would prefer, instead of this term, to deck us out with a term which is the expression of a deprecatory judgment: "Barbarus," which means barbarian.

The word "Berber," then, as we see, is only a pejorative term. It is necessary for us to take note of this fact, even if our pride is not fully recognized thereby.

Regarding Barbary, this designation was meant to apply to the quadrilateral area included between the Mediterranean Sea to the north and the Sahara to the south. That is, the whole of Morocco, Libya, Tunisia, Algeria, and even a part of Egypt. These are states which would only appear later on, following the division of colonial boundaries, as we know.

That portion of our history which goes from the Phoenician incursion to the entry of Islam into North Africa, which would later become the Maghreb, is rich in developments.

This period saw the birth of the feeling of social cohesion which was to crystallize in opposition to the invader and to blossom out fully under the banner of Islam, with which we would make our full-fledged entry into the most active phase of our history.

Aït El Hammamy, a fervent Algerian nationalist, gives us in his famous work, "Idris" (edited by SNED and published in serial form by EL MOUDJAHID), a description of what our ancestors were like before their adherence to Islam:

/"The Berber remained as nature had shaped him on the threshold of the formation of the first organized human groups. He lived the life of the tribe. An individualist in spite of his submission to the laws of the clan; an anarchist by character as well as by temperament; a lover of liberty to the point of preferring the risks of a primitive life to the abundance and security of organized societies, the Berber, until the appearance of Islam, lived without order and without a hierarchy. This of course was true as a whole. A pagan, he never seriously believed in anything or feared anyone. Vaguely animist, an indifferent spectator of the phenomena which surrounded him, impulsive and distrustful, his religious life could never have materialized in so little ordered a system. If he sacrificed to idols or adored the forms of nature, his conviction was not of such force that archeology could provide us with evidence of his devotion."/ [in boldface]

And, in fact, it was in Islam that we were going to provide the best measure of ourselves, of our capacities, of our political and social sense.

After having been formidable horsemen in the Numidian forces behind Jugurtha or Hannibal, we were going to reveal ourselves as valiant propagators of the Islamic ideal, founders of states and men of the mind, builders and civilizers. Eminent military leaders came out of our ranks, such as Ibn Toudert, Ibn Tachfine, Tarek Ibn Ziad. Prosperous kingdoms were established, founded by prestigious dynasties: Almoravides, Almohades, Zenetes.

In the intellectual area the Maghreb was to give Islam historians like El Marrakchi, Ibn Battouta, El Ouazzani, El Oufiani, Ibn Tofail. Maghrebian science was to shine with the brilliant contributions of figures such as the Algerian mathematician, Ibn Hamza Al Maghribi, considered to be the inventor of the principle of logarithms (cf his work on "Tuhfat al a'adad fi-l-hisab").

There, where Jupiter or Christ had failed, Islam triumphed, acting on us like a prophet, after having given us what we most lacked up to then: subjective and objective unity.

That was so true that, when the wind began to turn in the period of "daru-l-Islam" --the period after Khaldoun--the Maghreb would, in its turn, enter into the storm of decadence.

Kingdoms would fall, science would fall silent, unity would break up, and imperialism was at our doors. To face it we appealed to the Turkish Muslim dynasty which was established in Topkapi Palace in Istanbul.

The third great period of our history which was to last until 1830, that of the Corsairs and of the regencies, was beginning.

It was to end with the most somber prospects in our history: that of French colonialism, which was to wipe out everything, destroy everything, take everything, and, even worse, undermine our foundations, turning us into "natives" and dividing us.

It is to France we owe Berberism, that Parthian shot of the church against Islam. Henri Bousquet would say: "Berberology is a science which is almost uniquely French."

On 1 November 1954 the bell tolled on this nightmare of more than a century and brought us to the fifth great period of our historical itinerary, that of our resurgence, of our return to the controls of our destiny, of our "vocation."

The essential thing now is no longer to tear ourselves up with regard to our origins, our path in history, our ethnic composition, or our local differences. Rather, it is to know where we are going, what we want, and what we can do.

Tribalism and clan loyalties played a major role in the entry of the French into Algeria. Hamdane Khodja, an Algerian historian who was an eyewitness of the conquest, gives us in his book, "Mirror," details on those responsible. Whole tribes defected to the French for reasons associated with a tribal spirit. In the same way the uprising of El Mokrani was doomed to failure for the same reasons. Regionalism and excessive ethnic identity worked against the coordination of action

during the war of liberation, causing certain leaders to quibble and wear themselves out in fratricidal quarrels.

Regionalism and localism still rage today in our institutions and in various sectors of activity. We have to conquer these defects, these features of decadence which we have carried in our collective unconscious for thousands of years. We have to work to smooth out our differences, if any, instead of accentuating them.

Two important elements have created the unanimous will of the Algerian people: Islam and socialism (is it necessary to add that the second could only be accepted as proceeding from the spirit of justice and of equity which characterizes Islam). If the first element has provided us with a common subjective outlook, with a psychic unity, the second element tends to bring out objective unity, that is, the equality of opportunity, of rights, and of duties.

It is on these two foundations that our sense of being "us" reposes.

Asking oneself about one's origins is noble, particularly if this is done with a view to assuming our past completely. Now, the past is not a marketplace where one only takes what pleases him. It is an organic whole, a mound, made up of moments of glory and moments of shame, of splendors and of misery, of light and of darkness, of truth and of ignorance. We should not select some parts and hide others.

To confound everything in a sublime and idealized vision is the lot of him who has nothing, of the disinherited, of the indigent. It is for him to take refuge behind obscure values, "traditions," dubious folklore, and other, even vaguer forms of his inheritance, in order to hide his present inability to create and to innovate.

However, one formula should be enough: if the total of what one calls our values, arts, traditions, folklore, inheritance--if all this were "culture," it is evident that the problem would never be raised.

It is necessary to reflect on all these worn out ideas, the object of an ignorant, sterile, and impotent system of belief, which some would like to compare to culture.

What is old, worn out, imprecise, yellow with age, and dust-covered is not necessarily correct, true, or beautiful, that is, pertaining to culture. Nothing really counts except that which has created our dignity, our morale, our honor: our authentic and positive values.

The net result of our particularist outlook is exactly equivalent to the situation in which we find ourselves at present: without culture in the social and general meaning of the term.

The reawakening of our particularist outlooks, on which certain of our people are working, objectively supported by real French interests, is only a reaction to the movement to deepen our values and our national personality.

I am personally not proud of any kind of particularism, expressed in any language. If I, as an Algerian, feel a proper pride in what has been accomplished in a positive way in our history, I am still expecting the highest achievements in the future, in the period to come (from us and from our collective actions).

Let us therefore put out the lamps of egocentrism and let us not talk nonsense.

Arabic, a language thousands of years old, the language of algebra and of medicine, the language of discoveries and of the Koranic message, has great difficulty today in facing the challenges of the era of technology and of a world outlook.

Decades of translation, of adaptation, of research, of opening itself up, of political conflict have ended in giving it an international dimension.

Yet today some people among us dare to speak of turning an Arabic dialect into the official language and the means of instruction!

Dialectic Arabic, if it is necessary to speak of the self-evident, is not a "language," but rather the deteriorated form of a language, which remains after centuries of illiteracy and ignorance.

It is not a new language but rather the bastardization of one or other languages (Arabic and French) and their reduction to the lowest possible level.

Proposals of this kind have their own philosophy: populism, opposition to effort, sloth, inability to raise oneself to a higher level. There is no better way to take away any chance of acceding one day to development and to a true, social culture.

[15 Apr 81 p 2]

[Article: "The Algerian and the Direction of the World"]

[Text] A world which has never been known in the past is appearing over the horizon.

That world will no longer be one of specific gods, of private policies, of conflicts of interest but will either be that of an irreparable disaster or that of a revolution of cosmic proportions, involving a change in values which would modify human life both in form as well as in its actual content.

It will not be a world of men rather of humanity.

It seems that henceforth history will no longer unfold like a parchment which one roles out bit by bit, nor slip away with a flow known in past centuries, but rather that it will explode in a sort of eruption in order to spread over all peoples and push them toward a tributary of a river which is their common destiny.

The era of national purposes is over, as well as that of multiple and differing cultures. No people, no ethnic identity, no continent in the future will have the possibility of determining its own history by itself.

The design of the world will henceforth be collective, or there will be none.

Even a few centuries ago people could live in the spirit of "truth on this side of the Pyrenees & a lie on the other side." Such an attitude is no longer conceivable in our times.

Living side by side but differently for too long has led to hatred, to confrontation, to the desire for reciprocal enslavement. The view, "let us enrich ourselves with our respective differences," which has inspired brilliant political flights of oratory, appears day by day as a kind of pious but inoperative prayer to see men united on the basis of their differences.

Let us add up the score of these moments of "enrichment" resulting from the practice of this kind of humanism, founded on contradictions. Let us compare them with the eternities of conflict which have opposed races, religious beliefs, and nationalities throughout a history centered on the relativity of truth and the diversity of men.

The century which we have closed in the Muslim calendar and that which we are in the course of closing according to the Western calendar have been prodigiously rich in terms of discoveries. However, the most important of all of these discoveries belongs neither to science nor to technology. It is in the moral order. It is not a matter of a thought process or of power but rather is the product of a slow evolution which seems to carry within it a direction, a "reflex of purpose," to speak like Pavlov.

The 20th century has given birth to the notion of "international community." For the first time in human history the people of the whole planet are all meeting at the same time. For the first time also, they are speaking the same language, that of mathematics or of football. They debate the same problems, such as energy or the law of the sea. They are concerned about a common future, at the Club of Rome or at the UN, bringing into the light of a new day the verse of the Koran, which says, "We have created you as peoples and as tribes so that you might know each other."

One must perhaps understand that knowing each other was not being informed of each other's existence. It was not showing curiosity or sympathy for each other. It was not looking at each other like porcelain dogs. Rather, it was experiencing each other mutually despite the differences, evaluating each other in terms of good and evil, in peace and in war. Perhaps it was necessary to find each other after the exhaustion of all personal solutions. It ended by sharing in the same anguish about the future, after a thousand and one millennia of "trial and error."

Starting from different horizons, with each one having acquired along the road a sum total of truth which could not be the truth for all persons, men seem today to be converging in the same direction: that which will provide problems with a common denominator and, in approaching them, with the same system of reference.

As the exact sciences have succeeded in the field of matter, bringing everyone into agreement, developing a universal form of terminology, establishing criteria making it possible to replace doubt with certainty and falsehood with truth, why should a new world philosophical order not succeed in the domain of the spirit?

Men will either perish or assign themselves new goals. They will either have to wipe each other out or raise themselves to a common truth, to the idea of a single God, to the notion of common interests, to the definition of a general policy of collective salvation. In one word, men need a new ethical view, a new world philosophical order, a condition precedent to all the others.

That is the context in which the return of we Algerians to history will take place.

A new kind of man, having confidence in mankind which may have lost, sparing with the prejudices and myths which have clouded the view of many "civilized" people, with a conscience which is simultaneously fresh and free of crimes against our neighbors. With this we could contribute to a great mission: regenerating man on the earth.

Our return to the world takes place at a moment when the world has no more causes to promote, dreams to pursue, ideals to propose.

Everywhere there are only ferocious battles between various interests, which are called "world strategy." This is only a gigantic effort of "everything for tripe" in the fashion of Rabelais, with here the search for a uranium deposit and there a route for transporting petroleum. Politics, by confining itself to economic matters, has lost all of its magic, all of its sacredness. Conventional political ideologies tear the soul apart, one after another. There are no more great figures leading the states seeking hegemony. Everywhere managers are in power, merchants or careerists, brought into their positions by half of the votes or by none at all.

With the euphoria of the first years of independence now past, up against a reality which is more difficult with each succeeding year, the people of the southern hemisphere are less and less prepared to bear the "divine right of governing badly" by their leaders. They have wound up by understanding the vanity of persons and, in contrast, the need for institutions "capable of surviving events as well as men."

Scalded by the experience of the personality cult, of the man of providence or of the presidency for life; having learned to their detriment that a chief of state could turn out to be nothing more than a lunatic, a traitor, or a sinister bandit; finally persuaded that "wherever a man is great the people don't count for much," they shoot them down--here a Shah, there a Somoza, over there a Bokassa.

The Third World, which not without reason has been called the "zone of tempests," aspires to civil peace, to political stability, to real development. It aspires to sensible public discourse, to proper example, to enlightened leadership.

Algeria, which has known how to preserve itself from a goodly number of the calamities which have become the principal characteristic of the Third World, certainly has known what demagoguery is, but it has not fallen into madness. It has had some experience with military leadership, but it has recovered in time. It has suffered from lies, but it has not experienced treason. Also, it enjoys particular respect among the nations, most recently underlined by his role in the liberation of the American hostages. However, is that enough?

For example, are we certain that never again will we experience domination in one form or another? Are we called on to play a role in the remaking of the world, or should we wait for it to be remade and have to adjust to it once again?

Posing the problem of our role in the world of the third millennium in these terms does not mean turning our attention away from other and more urgent problems, as we are well aware. This does not mean complicating a matter which is already very complex, that is, our need for national construction. However, it means trying to place our course of action within a process already under way. This involves a realization of the direction of the world.

In the words of one thinker there are two ways of considering things, which he calls the "perspective of the eagle" and that of "the frog." If the first course has the advantage of appreciating both the details and the picture as a whole, the second course is condemned to appreciate only a portion of reality, precisely as a result of its point of view.

Considering the matter from above, therefore, what direction are we taking, in terms of our works, our values, our objectives? What place do we have in the general direction of the evolution of events? What is our message, what are we proposing to the others? Where is the Algerian thought concerned with all that?

The ground not occupied by reflection, research, and study is necessarily occupied either by demagogic ignorance, by foreign "suggestions," or by both at the same time.

In its present form the world is working to bypass itself. Existing philosophies in the world are bankrupt. With what provisions will humanity of the third millennium undertake its new adventure?

Isn't there something indecent in posing the problem of culture in our country as we are doing it, rummaging here in search of a slipper or a flute, going back to Methuselah to prove to ourselves that we were then counted among the living, proposing there to adopt a dialect which is more dead than alive in order to affirm our independence in terms of the entire universe, or tearing ourselves apart to see who among us is more Berber than the other, that is, who best merits a name once applied to our ancestors by a passing conqueror?

5170

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PLANS TO CREATE A 'RECONCILIATION GOVERNMENT' IN IRAN

London IRAN PRESS SERVICE in English 6 May 81 p 3

[From our Diplomatic Correspondent]

[Text] Veteran Iranian politician Ali Amini has announced the creation of a "Council of State" for Iran made up of political personalities who are "competent and enjoy the confidence of the people," and several of whose members, he says, are inside Iran.

This is the first time such a body has been put forward by any of the Iranian opposition organisations. A communique issued in Paris said a "strong government placed under the aegis of this council will have the aim of re-establishing order and security, together with providing the occasion for the people to express themselves freely and without fear (about the future regime)."

The communique did not divulge any information about the political colour or affiliations of the council, nor give any names. But informed sources hinted it could include some high anti-Khomeyni clergy, some so-called liberals inside Iran and a number of exile political figures.

Amini urged the Iranian people to a national struggle, and said that once a national movement aimed at toppling the present regime was on the march the three arms of the forces as well as the national gendarmerie and police would join it. He did not elaborate on this.

Reparations for destruction carried out by the present regime, normalising of foreign relations, especially with neighbouring countries, which would be based on safeguarding the national interest, and a maximal national amnesty were given as some of the essential points of the programme of the government proposed. This could be labelled a national reconciliation government, which would guarantee all democratic freedoms to all who did not indulge in violence or anti-state activities.

In his communique Amini vehemently denounced all the excesses of the present regime and urged an end to the war with Iraq and a withdrawal of all Iraqi forces from Iranian soil. He said the excesses could not continue, and the time had arrived for all Iranians, patriotic nationalists and all individuals, to leave aside their individual or organisation's differences and to join hands to put an end to the present regime "before it is too late and the country is occupied by foreigners."

ROLE OF MOJAHEDIN-E KHALQ CONSIDERED MAJOR FACTOR

London IRAN PRESS SERVICE in English 6 May 81 pp 1, 2

[From our Paris Correspondent]

[Text] Conservative estimates put the death toll in fighting between combined hezbollahis (religious extremists), and pro-Moscow and pro-Khomeyni Tudeh (communist) and Feda'ian-e Khalq majority leftists on the one hand, the the Islamic leftist Mojahedin-e-Khalq on the other, in Iran over the past week at around 50, with another 500 injured.

Clashes in Shiraz, Mashhad, Tabriz and in Caspian area towns as well as in Tehran have been described by arrivals from Iran as some of the fiercest seen since the days of the revolution more than two years ago. They said final casualty lists were likely to prove much higher, estimates in Tehran suggesting 250 dead and over 1,000 injured so far might prove nearer the mark.

The spectacular demonstration by over 100,000 Mojahedin members and sympathisers in Tehran over a week ago, which included large numbers of veiled and unveiled women, is thought to have been the drop which caused the cup to overflow for the religious extremists whose brutal actions in previous days had sparked off the massive protest by the leftists. They had attacked Mojahedin groups and premises, inflicting considerable numbers of casualties.

Well informed sources told IPS that Ayatollah Khomeyni personally has, since the huge Tehran rally, endorsed a request by Ayatollah Mohammad Beheshti, the Islamic Republic's strongman and leader of the ruling Islamic Republican Party to "finish with the Mojahedin once and for all." They are now considered the number one enemy of the present regime in Tehran.

The Mojahedin are estimated by independent observers to have as many as 60,000 well armed, trained and disciplined members, with the ability to recruit another 200,000 in 24 hours. They also enjoy today a great deal of support and sympathy from a wide cross section of the public, ranging from technocrats and bazaaris to intellectuals and many women. This must now make them the prime target for the mullahs.

"What has happened in the past week does not mean the Mojahedin is ready to take over Iran, but that Iran's present rulers have realised that the real danger to

them is not in Paris or Cairo, but in Tehran itself--it is not Bakhtiar or the young Shah nor Bani-Sadr, but Mas'ud Rajavi, the Mojahedin leader," an Iranian observer here in the French capital told IPS.

All accounts of last week's huge rally say it was by far the biggest protest by any organisation not blessed by the regime since the revolution. It was called to protest the killing of four pro-Mojahedin women in the Caspian region. "Reactionary forces and revolutionary guards who shoot us instead of the (Iraqi) enemy must know that the Mojahedin will fight to the last drop of blood," a speaker told the crowd before the hezbollahis and revolutionary guard thugs attacked them with butcher's knives, daggers, iron bars and the other assortment of weapons they employ on these occasions. The Tehran newspapers have been reporting clashes, with killed and injured, from all parts of Iran since.

With the army weakened and divided and under close surveillance from the revolutionary guards, president Bani-Sadr seemingly remaining impotent in the face of the extremists, and the exile opposition still an ineffective force inside Iran, the IRP's strategists have obviously realised it is time to root out the Mojahedin before it is too late, Iran watchers agree.

Government spokesman Behzad Nabavi said this week that the Mojaheddin were "just a group of agitators" and had no political standing, while at the same time they cooperated with dissident Kurdish leaders. Along with other leftist groups like the Kurdish Komeleh and Democratic parties and the minority Feda'ian-e Khalq they wanted to try to brainwash people with Marxist ideas. "The government has got to stand up to them. We will fight them," he said, "because they are fighting with us and are against the Islamic Republic."

While last week's huge rally in Tehran may also mark a shift in the Mojahedin's own attitude to the ruling mullahs. A Paris spokesman for the Mojahedin told IPS, "We do not intend to make a show of force, but one may say we have changed our tactics. We are sick and tired of trying to compromise with uncompromising people."

One aim of the Mojahedin now may be to mobilise public support behind them. "We are not being offered any alternative--we face a take-it-or-leave-it situation," the Mojahedin spokesman said. "You obey or die; that is what they (Iran's present rulers) say. So we have made our choice to die with honour if we have to and will fight to the last man if need be.

"The Shah with all his force and authority could not crush us, and this regime, even with the support of the communists, will not be able to, for we have the majority of the people behind us."

Most observers agree the Mojahedin speak from strength. If it came to an outright clash between them and the fundamentalists on a virtual civil war scale many of these observers agree, too, that an important part of the army would move to support the Mojahedin. But they say the authorities in Iran are aware of this, and their strategy is to try to pick off the Mojahedin while the army is still busy on the war and before it becomes too late to carry out such a policy. They have noted the growing public support for the Mojahedin since the emasculation of President Bani-Sadr following Khomeyni's intervention into his dispute with the fundamentalists a few weeks ago.

An Iranian recently arrived in Paris from Tehran confirmed there appeared to be a determination among IRP leaders to deal finally with the Mojahedin. He said tactics used by their hezbollahis now included infiltration into the groups of protesters to stab people when they were unprepared. The diplomat also explained recent bomb attacks in Tehran, where a French woman and her baby were among the victims, and other cities as being the work of IRP troublemakers rather than opposition groups as alleged.

Though he agreed that some pro-monarchist activists, who now seemed to be showing themselves more often inside Iran, could also be responsible for some of the explosions which have been reported from all over the country in the last couple of weeks. The Yugoslav news agency TANJUG reported bombs had been discovered inside the house where Khomeyni lives in north Tehran, and they had been defused in time.

Outside Iran the Mojahedin have organised protests outside Iranian embassies in Europe and other parts of the world to express their displeasure over events in Iran. They also shouted slogans against some opposition leaders outside Iran, presumably to emphasise their particular position.

CSO: 4920/358

NATIONAL FRONT PAPER ATTACKS RAJA'I GOVERNMENT'S KNOW-NOTHINGISM

(Tehran PEYAN-E JABHEH-YE MELLI in Persian 23 Apr 81 pp 1, 4)

[Text] Overall political, economic and social impasses have totally confounded and bewildered the functioning process of the present so-called government, with each day bringing a new occurrence that shows up these dead-ends better. In most cases these events are the result of the styles of a government that does not know what it is doing! Or perhaps it does know what it is doing! And in carrying out its mission and its task it each day narrows the circle of its isolation without thinking of the resulting shame and dishonor and moves the country closer than before to the whirlpool of dangerous and frightening difficulties.

These elements of different types that are a collection worth studying and have totally different backgrounds and totally opposing world perceptions have taken over power in the country, and in their effort to perpetuate and maintain this dominance they have unjustifiably joined hands with the dependents of a major international power and in cooperation with related communists have carried out such suspicious and mysterious programs that their practical results and the international effects unfold each day on stage as a tragicomedy domestically and internationally.

When perforce such secrets leak out they are hard put to justify them logically, sanely and scientifically and thus begin to rave, one such instance being the press interview given on Monday 31 Farvardin [20 April] by Mr Behrad Nabavi, spokesman and minister of state for executive affairs.

If the hostage taking disgrace was not a domestic Watergate in the political campaign in the United States it served at least as a Watergate in helping Ronald Reagan and at the same time resulting in the surrender of billions of this oppressed nation's foreign reserves from American banks--all this behind the screen of 'Death to the United States'! This development is not something that can be forgotten and 'filed'; this amazing and intricate story of the gods of international monopoly and the spell of imperialism armed with the latest scientific and technical means for dominance and plunder cannot fade from memory. And if, according to indictments set forth by the president of the country with the label of embezzlement, those officials, executives and agents responsible for this open violation of the rights of a nation are not tried by competent courts, then certainly a national tribunal will look into this crime of the century. In any event it is immature to think this scandal can be 'filed' and forgotten.

One bright spring morning the Iranian nation comes to know that 56 million dollars of its capital and wealth has gone with the wind through the hands of learned or learning officials in a mysterious case involving smuggling, espionage and foreign intelligence in the name of arms buying that was a rip-off of this deprived people. And when this newspaper, in its issue number 62, sounds the drumbeat of warning about this disgrace from the rooftop of this nation and correctly judging issues calls for an accounting and the National Front prevents clear crimes from being 'filed', the heat of crisis rises and leads to delirium!

Mr Behzad Nabvi in answer to a pre-arranged question of a reporter, for which he should logically have been prepared, concerning this international pocket picking and rip-off is thrown into agitation and stutter which becomes obvious to viewers and listeners, once more demonstrating who govern us and how!

This is what he said: 'During the imposed war, Iran found itself in need of equipment and arms that had to be procured from certain sources which of course were not governments but private companies with one of which a deal was made.'

One must ask these learned and committed Muslims, of whom some have been attentive and active pupils in the school of international communism, what corporation in the capitalist world is free from the influence, interference and supervision of ruling governments!? Which private armament firm can manufacture and sell 56 million dollars worth of arms without the participation of its own government!? Even in the case of common goods these corporations have no choice but to follow the general plans and policies of those governments--let alone arms involving such figures. Whom are you trying to deceive with such talk? What arms manufacturing and selling corporation is free from the control, influence, participation and the interference of the political, military and intelligence organizations of governments!?

If you are not lying, then what is a lie? And if you are not raving, what is delirium? And now that these shysters and actors on the political and espionage scene have taken this nation to the cleaners with or without your consent but certainly with your help, you summon the trained attache of the embassy in Spain to Tehran for explanation and you make a scapegoat of the teller of the Banque Mellie in Paris for a disgrace which we suppose was the latest repayment for the nation which was shortchanged in the hostage release deal! The main crime lies in the initial act of the government in starting and entering into this suspicious adventure and dangerous game in the system of international smuggling. Now that the trumpet of disgrace has been sounded from the rooftops of the world, tell us where that firm is located, its name and details of the deal. We cannot understand what the Islamic Republic, by its very nature, has had to do with the arms smuggling market and why it has resorted to such manas.

Here the nation has a right to sit in judgment well distant from excessive clamor, intrigue and agitation, to look into the mysterious behind-the-scene games and bring to mind the saying of the poet Shamsoddin Mohammad Rafez Shiraz: 'The preachers who shine at the altar and the pulpit, do other things in the privacy of their room.' The privacy of hostage taking, the privacy of the hostage release, the privacy of buying arms in this way and other acts in private whose many secrets history and future events will eventually lay bare.

The plain truth is that the wrong and totally condemned operating style of the agents and elements of the present government has definitely shaken the people's

credibility and trust toward any government and each day we witness a pop out of a new event from behind the curtain that these gentlemen find difficult to justify. When after such events, which threaten the base of the country and the people's belief in the foundations of religion, honest, responsible and virtuous religious leaders decide to speak out with advice, logic and when necessary with protest and a noble man such as Ayatollah Mahallati paints a disturbing picture of present conditions in a frank statement and with steel-like firmness confirms the statement after they try to deny it through theatricals and scenario juggling, it is yet another and a bigger disgrace for claimants of learning and operators of government.

Of course in the matter of the communique of the Foreign Ministry concerning the "non-interview" of Habib Shatti the case was so replete with contradiction and contrast that the spokesman conceded the government's error in a highfaluting but helpless way. But why no investigation of the possible presence and existence of agents of Zionism and occupiers of holy places in sensitive centers who cause such difficulties so that the foreign policy of a country is not based on the contents of an Arabic broadcast of Radio Israel! This is not the mistake of one person which may be accepted in order to close the case. This concerns the destiny of a nation, a country, a revolution! Do you understand!

All these are not accidental but links in a long chain of events caused by the nature of the ruling system and a government responsible for serious affairs of state at a sensitive historic stage. To interpret the words of this country's great man of history and politics, Dr Mosaddeq, our sin, our great sin has been to show with firmness and with faith and through the righteous road of the National Front the total incompetency of this government. By bringing up basic issues of Iranian society the government spokesman is forced to give a press interview and to go into a kind of delirium during that interview!

5854

CSO: 4908/259

DEVELOPMENT PROJECTS IN AGRICULTURE, INDUSTRY, TRANSPORTATION DETAILED

Kuwait KUWAIT TIMES in English 3 May 81 p 12

(Text)

IRAQ, with its eight-month-old war with Iran, seems to have escaped the drastic effects of battle, since the economy continues to remain on course.

Economists believe that the first thing a war affects is the economic structures of warring states. As the economic structure depends heavily for its effectiveness on how sound the country's investment plans are, a war can, therefore, have severe repercussions on the execution of these plans. Iraq nevertheless is one exception to these well established facts, since Iraqi investment plans have just been announced by the government.

The annual development plan for the year 1981 was recently initiated, to mark an ambitious development and reconstruction scheme comprising all aspects of life in the country.

Huge earmarked allocations provide tangible evidence to Iraq's huge financial resources and firm economy. Allocations for the investment programme of 1981 (which is the first year of the five-year plan) amount to ID 5.24 billion, with a growth of 39 per cent over 1980. Allocations for the foreign trade plan amount to ID 5.4 billion; a 28 per cent increase over the level of last year. Budgetary allocations for 1981 are put at ID 5.025 billion, against ID 4.656 billion for 1980.

Since the advent of the July 17th, 1968 revolution, the party leadership in Iraq has put into effect a series of five-year plans, beginning with the National Development Plan of 1970-1975, followed by the second National Development Plan of 1976-1980. Intensive efforts have been put into effect for the execution of those plans, besides huge funds and financial resources, and the country was quickly developed. An impressive leap forward marked various fields of social and economic concerns.

RESULT

Targets of the leadership have been attained over the last five years. Direct results have been an increase in the national income from ID850 million in 1969, to ID9,792 million in 1979; this is a rise of 27.7 per cent. Per capita income has increased from ID92.5 in 1967 to ID163.8 in 1979, which is a 23.5 per cent increase.

The new plan aims at expanding and developing productive capacities, raising average rates of growth within an appropriate framework

of equilibrium, and achieving sectoral balance, with due attention to the development of agriculture and industry while reducing reliance on oil production.

The plan devoted considerable attention to the infrastructure of health, education, culture and information, with a view to encouraging scientific research and developing transport and communications networks.

Besides proving sound enough to face the war and impose an investment plan within conditions of hard war, the Iraqi economy did not witness any negative influence upon production plans; instead, productivity was enhanced. The investment plan, moreover, allocates ID 1246 million (18.05 per cent of total allocations) to the industrial sector; a step unknown to warring states.

PROJECTS

The number of projects to be started and executed is to be increased, the country is in no position to let the current war affect its investment and development plans. Under the investment plan, about 5840 projects will be initiated and executed, divided as follows: 401 projects in agriculture; 709 in industry; 525 in transport and communications; 799 in education, higher education and scientific research; 406 in construction, besides other projects covering a wide variety of vital activities.

The plan aims at reducing dependence on crude as major income earner for the economy, and a greater dependence on non-oil items will be the trend in forthcoming plans. It also aims at strengthening the industrial structure by enhancing productivity, utilizing idle capacity and reducing bottlenecks in the economy.

A special weight is also granted to the diversification of industry. This means a widening of types and quantities of goods and services yielded by the existing industry. On the scale of services, the scope and magnitude of these is to be expanded, including water, electricity, social security, telecommunications and health.

Large contracts are still being granted, covering a wide variety of sectors. A contract worth ID 485 million was signed three months ago with two international firms, an Italian and a West German, to construct a major dam project over the Tigris River in northern Iraq. Construction should begin immediately and the dam's completion is scheduled for mid-1985.

In completing this project, referred to as one of the biggest in the Middle East, Iraq is determined to have affected a complete change in the present agricultural situation. The year 1985, when the present five-year plan will have been completed, is set as the deadline for a real

qualitative change in the whole agricultural status. Huge efforts are still required in this sector to achieve the targets in mind.

VITAL

The idea of this dam was long conceived in the early sixties, and engineers and technicians have held the view that its execution would pave the way for important changes in the country. According to technical studies and specifications of the project, it will have a water storage capacity of 11.3 billion cubic metres, and will produce hydroelectric power to the average of 1034 megawatts. It will irrigate more than one million dunums of cereal-producing fertile land, the productivity of which has been largely dwindling under drought and lack of rain. Besides, it is expected to largely improve navigation in the Tigris river.

Other gigantic dams and irrigation projects have contributed towards a real change in the agricultural realities in the country. Some of these examples are Hamrin Dam with a capacity of 3.9 billion cubic metres, and Haditha Dam with a capacity of 8.2 billion cubic metres. But the new dam is regarded as representing the major push forward for agrarian development.

Execution is carried on for other irrigation projects. The main drain project is now in its second stage of execution, and will begin from central

Iraq to end in the Arabian Gulf. So far, large expanses of land have been reclaimed. The Tharthar project, another important scheme, includes the digging of Tharthar-Euphrates Canal (already completed) and Tharthar-Tigris Canal (scheduled for completion by 1983). The projected Mosul Dam will feed areas that suffered from drought and whose farmers were compelled to leave.

FARMING

The Kirkuk Irrigation Project is expected to be completed on schedule, which will facilitate the execution of other projects. The Khalis Agricultural Project in Diyala Province, and the Musayyab Agricultural Project in Babylon Province need expansion if the targets for 1985 are to be executed, although these have covered a long distance on the execution process.

Thus, a large transition in the agricultural situation, scheduled for 1985, seems on the way. Highlighted by this, the food crisis now looming in the world for the coming few years may well be kept beyond the borders of the country, provided the big Tigris Project is executed.

The three forms of the socialistic conception of farming, namely state farms, collective farms and cooperatives, have been firmly stressed throughout past plans, and the current one also gives them due attention.

SYRIAN CONVICTED IN SOCIAL REFORM SOCIETY BOMBING

Kuwait KUWAIT TIMES in English 3 May 81 p 1

[Text]

THE State Security Court yesterday sentenced a Syrian national, Fawaz Farhan Al Ahmed Al Alaw, to 15 years imprisonment for attempting to blow up the premises of the Social Reform Society in Kuwait last November.

The Court found Fawaz guilty of planting the bomb in the premises of Society, harbouring explosives and arms, and forging official documents.

The second suspect, Mohammed Yousef Dirgham, also a Syrian national, who faced the same charges, was acquitted by court.

The Social Reform Society is known to be sympathetic to the Muslim Brotherhood organisation which is hostile to the present Syrian regime.

INFILTRATION

The first accused, Fawaz Farhan, had worked in Kuwait for the past 20 years as a driver and then as a janitor at the Education Ministry.

He admitted to having been recruited by the Third Secretary of the Syrian Embassy in Kuwait, Aziz Dayoub, to infiltrate the Social Reform Society and provide him with the publications and circulars issued by the Pro-Muslim-Brothers Society.

Fawaz had been given a passport in which the occupation was forged as that of a mosque Imam, and he was then able to obtain a driving licence from the Traffic Administration.

In the wake of a series of articles in the Mujtama magazine published by the Society in which the Syrian regime was severely criticised, a plot was hatched by Fawaz to stop publication of the magazine.

According to the prosecution, the first accused, aided by two other persons, planted a time bomb on the evening of Nov. 17th, 1980 in a rose-bed at the premises of the Society near the room where copies of Al Mujtama magazine were usually bound.

The bomb never went off as it was discovered by a member of the Society. He had removed its batteries, called the police, and a ballistics expert managed to defuse the bomb.

The case was referred by

the Prosecutor-General to the State Security Court on March 8th, 1981. The court held several hearings from March 20 to April 21.

EXAMINATION

In sentencing the first accused to 15 years in jail and deportation thereafter, the court based its verdict on the confessions, both oral and written, made of the accused's own free will.

The court was convinced that the accused had not made these confessions under duress as a thorough examination of the accused's person was ordered by the Prosecutor-General on the night he made his confessions and this examination had not revealed any injuries or traces of third-degree methods. The court also considered the testimony of 14 prosecution witnesses.

The second accused, Mohammed Yousef Dirgham, was given the benefit of the court's doubt about the first accused's testimony against him and duly acquitted.

MANPOWER STATISTICS RELEASED

Kuwait KUWAIT TIMES in English 23 Apr 81 p 1

[Text]

NON-ARAB Asians were given 57.5 per cent of the total work permits in 1980 whereas the Arab manpower's share stood at 22.5 per cent.

This was disclosed by the Under-Secretary of the Ministry of Social Affairs and Labour, Issa Yassin here yesterday.

The under-secretary said the European and American manpower registered 3.3 per cent of the total work permits.

Yassin added that by sorting out manpower according to nationality the report showed that the Egyptian manpower stands for 23.7 per cent of the total work permits given in 1980. This nationality has been at the top of the list for the past 4 years in spite of their diminishing numbers, he pointed out.

The Under-Secretary said

the Korean nationality ranks second in the list of the work permits. The Koreans were responsible for 15.6 per cent of the total work permits.

The Iraqi manpower is the second Arab nationality. Their percentage is 12 from the total of permits given to Arab nationals, he said.

Yassin further pointed out that the Indian labourers who are next to the Koreans were given 22.3 per cent of the work permits. The Pakistanis were next by getting 18.7 per cent of the work permits. Other Asian nationalities were given 12.3 per cent of the work permits, mostly from Thailand and Sri Lanka, the undersecretary said.

Yassin said between January and April 1, 1981, the ministry issued 14,048 permits, 11,301 undertakings and declarations.

— KUNA

CSO: 4820

LOAN MADE FOR PAKISTANI FERTILIZER PROJECT

Kuwait ARAB TIMES in English 5 May 81 p 9

[Text]

KUWAIT, May 4 (KUNA): A loan agreement was signed today between the Islamic Republic of Pakistan and Kuwait Fund for Arab Economic Development, whereby the Fund shall make a loan of KD 3 million to help finance Fauji Fertiliser Project, it was announced.

At the same time a project agreement was signed between the Fund and Fauji Fertiliser Company Ltd. For the execution and operation of the project.

The loan agreement was signed on behalf of the Islamic Republic of Pakistan by Mahdi Masud, Ambassador of Pakistan to the State of Kuwait and the project agreement was signed on behalf of the company by Ather Jawed Ahmad, Manager Finance, Fauji Fertiliser Co. Both agreements were signed on behalf of the Fund by Sayyed Abdulatif Y. Al-Hamad, Chairman of Kuwait Fund Board of Directors and the Minister of Finance and Planning.

Self-sufficiency

The project aims at contributing towards Pakistan's self-

sufficiency in nitrogen fertilisers by the production of about 513000 tons of urea per year. The project uses natural gas from Moni Field and comprises of an ammonia unit, urea units, power and steam unit, water treatment plant, cooling tower, housing colony and other ancillary facilities.

Total cost of the project is estimated at KD 95.7 million of which 3.2 per cent is covered by the Fund, a press release said.

Execution of the project has commenced in 1979 and it is expected that the project has commenced in 1979 and it is expected that the project shall be completed in 1982.

The loan shall be for a period of 20 years including five years period of grace, amortised in 30 semi-annual instalments, the first of which shall be due on 15.6.1986 and the last on 15.12.2000.

The loan bears an interest at 3.5 per cent per annum, in addition to 0.5 per cent per annum to cover administrative and other expenses incurred in the implementation of the loan agreement, the release said.

BRIEFS

PACIFIC VENTURE--Kuwait Petroleum Corporation (KPC) and Pacific Resources Incorporated announced yesterday their intention to develop a joint venture owned equally by the two parties, a press release said. The venture will engage in a wide range of energy-related activities primarily in the Pacific Basin area, the press release added. KPC is the National Oil Company of Kuwait responsible for development of the country's oil and gas resources. PRI is a Honolulu-based independent energy company with sales of \$838 million in 1980. KPC will contribute \$185 million in cash and will guarantee crude oil amounting to 50 per cent of the joint venture's requirement. PRI will contribute its oil refining, marketing and related petroleum operations and present PRI management will assume all responsibilities for managing the venture. KPC and PRI will have equal representation on the Board of Directors of the new entity. Sheikh Ali Khalifa Al-Sabah, Chairman of the Kuwait Petroleum Corporation said that KPC has been looking for ways to develop oil and non-oil related business opportunities in the Pacific Basin area for some time. And the venture between KPC and PRI with refining and marketing assets in the Pacific offers a chance to accomplish this strategic objective with mutual satisfaction of the parties. [Text] [Kuwait KUWAIT TIMES in English 23 Apr 81 p 3]

CSO: 4820

U.S. INTENTIONS IN LEBANON EXAMINED

London AL-MAJALLAH in Arabic 18-24 Apr 81 pp 12-16

[Article: "Cover Story: AL-MAJALLAH Reveals the Big Secret; the United States is Engaged in a Battle To Get the Syrians Out of Lebanon"]

[Text] Washington's plan is to seek a dialogue with Moscow around diminishing Syria's role.

Highly placed U.S. and West European sources have revealed to AL-MAJALLAH that the Reagan administration has begun implementing "a secret plan" by means of joint consultation and coordination with some international agencies and that the principal purpose of this plan is to get the Syrian troops out of Lebanon. It seems clear from the contacts which AL-MAJALLAH conducted in several western and Arab capitals, and especially in Washington, Paris, London and Bonn, and from the information it obtained as well, that the execution of this American plan will not be an easy matter at all. It is rather an indication of the onset of a long battle between the Reagan administration and Syria. The consequences of this battle will be dangerous, and the principal battlefield will be in Lebanon. There is nothing from now on to guarantee that the Reagan administration will ultimately win this battle. How and why did this change take place? Rather, how did this upheaval in U.S. policy toward Syria and toward its role in Lebanon take place? What are the mysteries and the secrets of this serious development? How does the United States intend to carry out its plan? In this investigative report AL-MAJALLAH answers these questions [on the basis] of information it gathered during the last few days from well-informed U.S. and West European sources. This is the story from the beginning.

When the Reagan administration began to define and to outline the broad lines of its foreign policy on the basis of the principle of focusing on the priority of "confrontation" with the Soviet Union in those regions of the world that are of strategic importance, it paused at U.S.-Syrian relations, and especially at the Syrian role in Lebanon which had begun for all practical purposes with the entry of the Syrian forces into Lebanon in 1976 during the administration of President Gerald Ford and had

intensified during Jimmy Carter's administration. There were communications between Washington and the U.S. ambassador in Damascus, Talcott Seelye in addition to those with U.S. ambassadors in several Arab capitals and with some agencies concerned with the Syrian situation. [The purpose of those communications] was to find out President Hafiz al-Asad's true view of the Reagan administration. These communications clearly showed that Syria's position on the new U.S. administration was not a negative one. They showed that Syria had left the door open to the possibilities of conducting a dialogue with Washington on the basis of the new administration's understanding of Arab demands in the dispute with Israel, especially with regard to the Palestinian question and the rights of the Palestinian people. It became evident from the information received by authorized agencies in Washington that despite the fact that a friendship and cooperation treaty with the Soviet Union had been signed and despite the fact that relations with Moscow had been strengthened in various areas, Syria still wanted to keep the bridges open between it and the West in general and the United States in particular. Syria is also hoping that Washington will go beyond the Camp David treaty which was a principal cause for the deterioration of relations between Damascus and the Carter administration.

But the Reagan administration, and especially U.S. presidential advisers in the White House, had not intended placing Syria on the list of countries that wanted to cooperate with the United States in a cordial and reliable manner. When U.S. Secretary of State Alexander Haig decided to tour the area to consult [with local officials] about the United States' policy in the next stage, he avoided visiting Syria. This constituted a significant change in the quality of the cooperation between Washington and Damascus. On the basis of the varied information it received, the new U.S. administration realized that Syria was not only of special importance to Moscow and to its policy in the Middle East, but that its strong and characteristic relations with the PLO, especially as a result of its presence in Lebanon, made it a political force with whom dealings or [the achievement of] an understanding would be difficult, especially in the context of a plan to limit the influence of the Soviets in the Middle East.

A Two-Part Secret Plan

In the light of all these data the Reagan administration devised a secret plan before Haig began his tour in the area to diminish Syria's role by getting it out of Lebanon. This position is considered to be a radical departure from the U.S. policy that, throughout Carter's administration and despite the deterioration of relations following the signing of the Camp David treaty, had remained intent on the continued Syrian presence or the Syrian role in Lebanon.

At that time in particular the situation in Lebanon, specifically in Zahle and in Beirut, exploded. The Lebanese scene saw clashes between the Syrian forces and the forces of the Phalangist party. These clashes, which were

the most violent since the beginning of the war, resulted in more than 250 dead and 600 wounded. In addition, there was great destruction. Was the explosion of the situation related to the U.S. plan? This question cannot be answered now, but it seems that some of the Lebanese personalities were not "too far" from these U.S. ideas.

Simultaneously with the exploding situation Washington began to conduct intense communications and deliberations with several western capitals to begin implementing its secret plan. Information which AL-MAJALLAH obtained indicates that this American plan has two parts:

--The first part requires the mobilization of the greatest possible amount of international support for U.S. ideas.

--The second part [consists of] negotiating with the Soviet Union about the future of the Syrian role in Lebanon and attempting to reach "some agreement" with Moscow over getting the Syrians out of Lebanon. But such negotiations cannot begin until months after all the components for the resumption of the dialogue between Washington and Moscow are gathered. Informed western diplomatic circles have information indicating that the dialogue between the United States and Russia will be resumed before the end of 1981 and that Lebanon will be at the forefront of the problems which the United States intends to bring up and to discuss with the Soviets. Those circles are saying that those who think that the resumption of the dialogue and the negotiations between Washington and Moscow is unlikely on the basis of the fact that the controlling atmosphere [between the two capitals] is one of "confrontation," forget that the principles of the U.S.-Soviet detente were drawn up at the height of the cold war between the two countries, during the administrations of Kennedy, Johnson and Nixon.

Coordination with Giscard

Implementation of the first part of this U.S. plan began. International efforts, which are being encouraged by concerned Lebanese agencies, are being made now to find a solution to the Lebanese crisis "within the context of the United Nations," especially by means of sending UN forces or Arab-UN forces to replace the Syrian forces. These efforts are part of the U.S. plan. It is in this context that the very close U.S.-French coordination is playing a basic and a significant role. It is a fact that the recent actions by President Giscard d'Estaing and the French government toward Lebanon did not stem only from considerations for the elections--since the Lebanese question had turned into a principal question in the French presidential elections campaign--but that they rather stem in particular from a strong understanding with Washington that is within the boundary of the U.S. plan. The most prominent French actions in the last few days were the following:

--Giscard d'Estaing sent a special emissary to Lebanon: Aubert Orgo, the former French ambassador in Beirut. He asked him to raise a basic question with President Ilyas Sarkis, which is that of convening an emergency meeting of the UN Security Council to discuss the Lebanese situation

in its entirety and to take the necessary measures--such as sending "neutral" international troops to establish security in that country. This French action also constitutes a change in Giscard d'Estaing's position regarding Syria's role in Lebanon. It was noticed that French Minister of Foreign Affairs Jean Francois Poncet announced in front of the Foreign Affairs Committee of the French Parliament that "Peace in Lebanon cannot be restored unless there is an absence of all forms of outside interference." (Orgod) met with Sarkis and announced afterwards that it was up to the Lebanese president and the lawful government to bring up the question at the UN Security Council. At the same time Haig summoned the U.S. ambassadors to Beirut and to Damascus to Amman and sent a hand-written message to Sarkis. The most notable of its contents was [the statement]: "We are still quite firmly convinced that the establishment of a strong central government on the democratic principles whose banners you have always courageously proclaimed constitutes the only guarantee for the equal safety of the residents of Lebanon and of their neighbors. Accordingly, as we now work to help put an immediate end to the recent acts of violence, we are also appealing to all the parties inside and outside Lebanon to help strengthen and expand the authority of the Lebanese government in every part of this country." What was even more notable was the fact that the U.S. ambassador conveyed to Sarkis information which was said to be "important" and related to the U.S. position on the Lebanese situation.

--In Paris late last week Giscard d'Estaing and Haig considered how to coordinate efforts between the two sides with regard to Lebanon. Haig assured the French president that Washington supported the endeavors and the efforts [that were being made] to send UN troops or Arab-UN troops to Lebanon to replace the Syrian troops. In return, Giscard d'Estaing affirmed that France was prepared to participate to a large degree in this "UN peace-keeping force."

--Following that meeting the French government took an extraordinary measure which it would not usually take except in major crises. The [French] Ministry of Foreign Affairs summoned France's ambassadors to Lebanon, Syria, Saudi Arabia and Israel as well as its ambassador to the United Nations and its ambassador to Ireland--since Ireland is presiding over the UN Security Council this month. [The ambassadors were summoned] to Paris for an emergency meeting on Sunday the 12th of this month to look into the Lebanese situation. This step was the first of its kind to be taken by France for a long time. This meeting was held, and the discussion focused especially on the idea of convening a meeting of the Security Council and sending UN troops to Lebanon. It appeared evident from the deliberations with these ambassadors that the question was a "difficult" one and that it would meet with violent resistance from several Lebanese, Palestinian, Syrian and Arab agencies. In addition to these public actions, France carried out secret communications with several European and Arab countries to investigate the implementation of these ideas.

Following the deliberations with the ambassadors of France who had been

summoned from the region, the French government made a decision to disregard at the present time the effort to send UN troops to Lebanon because of the opposition to such a step from Syria, from most of the Arab countries and from a large section of the Lebanese people. This does not mean [however] that French efforts and endeavors to coordinate with Washington had ceased. The French government now intends to consult with the European countries and with several Arab countries "to look into how the Lebanese crisis can be dealt with." France has contacted UN Secretary General Kurt Waldheim and asked him to send a special emissary to Beirut to look into the situation.

However, America's battle in Lebanon is continuing.

It has become evident from all these activities and communications that withdrawing all the Syrian forces from Lebanon at once would be extremely difficult not only because Syria considers its security to lie in the security of Lebanon, but also because such a step will not have clear and direct Arab support. Therefore, it seems that there are several choices available in this context, the most prominent of which are:

- Tying the renewal of the deterrent forces' term next June to a step-by-step program for the mobilization of the Lebanese army throughout Lebanese territory and having the Lebanese army replace the Syrian forces.

- Re-organizing a new deterrent force from the forces of several Arab countries.

- Withdrawing the Syrian forces from greater Beirut and demilitarizing the city where security would be guaranteed by Arab-UN forces assisted by Lebanese forces. Syrian forces would remain in al-Biqa' and in the north.

The purpose of all this is to "diminish" Syria's role in Lebanon gradually and in stages.

The U.S.-Syrian Crisis

It is a fact that there have been several indications recently that U.S.-Syrian relations were becoming critical and that Washington's view of Syria's role in Lebanon was changing. The most prominent and the most important of these indications are:

- The 17 members of the U.S. Senate Foreign Relations Committee sent a message to President Reagan last Sunday asking that the United States strive to achieve a Syrian withdrawal from Lebanon. The senators said, "It seems that during the last 5 years the Syrians have changed their role from one of preserving the peace to one of occupation. The time has come to make our support for the liberation of Lebanon from foreign forces clear. These foreign forces have caused deep damages to the country." At the same time a strong current emerged in the Congress advocating the abolishment of U.S. economic aid to Syria which amounts to over 130 million dollars.

--Damascus refused to receive Haig's emissary, Morris Draper.

--In a commentary the influential newspaper, THE NEW YORK TIMES said, "Washington must use pressure to achieve a real cease-fire, to establish the presence of the United Nations and [to achieve] the withdrawal of the Syrian forces from Lebanon." The newspaper has close ties with the Reagan administration.

--The U.S. magazine, U.S. NEWS AND WORLD REPORT, which has ties to the Reagan administration devoted a lengthy report to Syria, to its policy and to its close ties to Moscow. The report stated, "Syria is turning from a stronghold of Soviet influence in the Middle East to an anti-American power." The report concluded by saying, "As long as President al-Asad remains in power and as long as Moscow continues to support him, Syria will constitute a major threat to peace in the Middle East. It is a threat that the United States cannot ignore without being hurt." The spokesman for the U.S. State Department denied that a change in Washington's policy toward Syria had taken place, but his denial was made in the context of the "secret U.S. effort" to diminish the Syrian role.

Syria has sensed this change in the U.S. position. Therefore, President Hafez al-Asad took the opportunity of the fact that the Palestinian National Council was in session to launch the first campaign of its kind against the Reagan administration. This was done in a speech he delivered at the opening of the session of the National Council. Al-Asad criticized the Reagan administration by saying that the Arabs cannot place any hopes on it. He added that the recent outbreak of fighting in Lebanon had been a conspiracy to break up Lebanon, to bring about explosions [in the country] and to use its territory to strike at Syria and the Arab nation. He addressed the U.S. administration by saying, "The U.S. administration wants to scare us from the outset. It came [into office] with threats and haughtiness. But I am telling the new Americans that they will discover their mistake just as their predecessors discovered theirs."

In addition, Syria appears determined to prevent the Phalangists from controlling the city of Zahle. Al-Asad is reported to have said, "We will not permit Zahle to be turned into a thorn in the side of al-Biqa' from which the conspiracy against Syria and against its national security would spread." Lebanese sources also stated that Syria considers that there is a "red line" extending from Zahle to Jezzīn in the south and that it will not allow anyone to cross over that line.

What is Israel's role in all of this? Informed sources are saying that Haig told Menahem Begin the substance of the U.S. plan to get Syria out of Lebanon and that he reached an understanding with him in that regard on the fact that Israel would not carry out any military operations against the Syrians in Lebanon because such operations would thwart the implementation of the U.S. plan. However, this naturally does not include stopping the shelling of the guerillas. Hence, Israel's recent raids on Palestinian positions in the south constituted an additional pressure factor on the

explosive Lebanese situation. And hence also we understand why Israel supported sending UN forces to Lebanon to replace the Syrian forces.

Will the Reagan administration be able to carry out its plan in Lebanon? No one can be absolutely certain about that, but it is clear that the battle will be difficult, long and dangerous, and Lebanon's destiny in that battle may be threatened. Hence comes the statement by Lebanon's prime minister, Shafiq al-Wazzan to AL-MAJALLAH: "Lebanon is living now the most dangerous period of its history since the beginning of the 1975 war."

8592

CSO: 4802/690

OIL MINISTER DISCUSSES POLICIES

Parl. AN-NAHAR ARAB REPORT & MEMO in English 20 Apr 81 pp 4-6

[Text]

The present glut in the world oil market is an artificial one, Libyan Oil Minister Abdul Sallam al-Zaggar told *An-Nahar Arab Report & MEMO's* Randa Takieddine in an exclusive interview. Mr Zaggar was in Rome, attending a seminar organised by the Organisation of Arab Petroleum Exporting Countries (OAPEC) on cooperation with Southern Europe. Mr Zaggar's reference to an "artificial" glut clearly points to Saudi Arabia's decision to maintain its output at 10.3 million b/d, almost 2 million b/d above the official Saudi ceiling of 8.5 million b/d. Soon after the interview, Mr Zaggar announced that Libya was cutting its own production to bring output down by 100,000 b/d to 1.55 million b/d by the end of this year.

The interview follows:

Q: What sort of steps do you hope to take to promote cooperation between southern European countries and Arab oil exporting countries during this seminar?

A: We have to start a dialogue by letting each party state their facts. We state ours in a precise way. That is the first step. The second step is that we enter the dialogue itself.

We look at the dialogue from two points of view. One is cultural and the second is economic. The cultural aspect is deeply affected by politics, and especially by the Palestinian problem. Although some look at it differently, we take it very seriously in Libya. It is the

central issue for the Arab world. Unless this problem is solved, there will be no real dialogue.

We are now on the right track with Italy. They understand the Palestinian problem better now; some other industrial countries have begun to realise that the problem of Palestine has to be resolved and that the PLO is not a criminal or terrorist group but people struggling to obtain their rights.

The Palestinian problem is, however, still hindering the dialogue because many industrialised countries refuse to consider it in a just way. We are not asking the Europeans for the impossible: we want them to put pressure on Israel because Israel won't give up unless it is subject to pressure from the US and Europe. There will be no obstacles to the dialogue when we solve this question.

As to the second aspect of the dialogue - economic and commercial cooperation - I do not expect to see commercial deals resulting from this seminar. But it is useful to have a seminar like this one in the sense that we tell them our needs and we listen to what they can offer us in the field of technology and how they can help our industrialisation. We expect them to invest in exploration (for oil and gas) in our countries and we look together at under-developed countries and try to help them.

Libya and Italy are good examples of cooperation

between Arab oil producers and Europe, between the South of the Mediterranean and the North of the Mediterranean. We have very good economic relations with Italy in financing industrialisation, exploration for oil and so on. This sort of cooperation could be extended to other parts of the Arab world.

Q: But didn't you have problems with Italy over your exports of gas, which you stopped last Summer? Do you intend to resume gas exports to Italy? What is happening on this issue?

A: It is moving towards a settlement. Lately, as you recall, it has not been a political issue, but a commercial one. We have concluded an agreement with Spain that has certain terms which we cannot give up.

Q: What are these terms?

A: When we talk about prices, we are talking about FOB prices. We try to coordinate with Abu Dhabi and Indonesia to have a price in line with their prices. We did not get what we wanted from Italy. The Italians wanted to negotiate for less. We cannot give up, but we are reaching a solution.

Q: What is the contractual volume of gas you are supposed to export to Italy and in what sense are you reaching a solution? Are you going to agree on a lower price?

A: No, we will agree on some kind of formula. We supplied Italy with 200 trillion British Thermal Units of gas over one year in accordance with the old agreement. Then we stopped supplies because of the problem over prices. The old agreement dates back to 1965. We are ready to supply the same quantity, but not for the same price.

We are trying to tie the price of gas to that of oil per 1 million BTUs. This is what they are now doing in Abu Dhabi. They sell on a CIF basis — it would be around \$4.90 to \$5 per million BTUs. Our supplies to Italy were interrupted last August. In October, we started negotiations.

Q: In view of the tendency towards a softening of the oil market, do you foresee any increase in the price of oil at the OPEC ministerial meeting in May?

A: That depends on the state of the market. You know that the glut in the market now is an artificial one — it could be removed by a simple decision. Analysts say there is a glut of 2 million b/d; we think it is artificial and is not needed in the market; there is no reason for it; it is just a surplus. If I produce 10 million b/d now with the price at \$37 a barrel and the market is good and I go up to \$41 a barrel, what is the justification for me to stay at 10 million b/d? If it is a question of income, I am getting it by raising my price.

Q: What do you expect will happen at the next OPEC meeting?

A: What I expect is that, if this surplus in the market is becoming dangerous for OPEC, the logical thing would be to remove the glut from the market. It happened last year in Vienna and if it had not been for the unfortunate Iraqi-Iranian war, we would have implemented what we decided there.

We agreed on an official price in Bali (last December)

of \$32 per barrel for Arabian Light, the official marker crude, and of \$36 for another deemed marker crude. Oil is selling at \$32, it is selling at \$36 and also at \$41. And there is no strain on the market and no strain on the industrial countries.

Q: Will Libya suggest any cutback of production at the May meeting?

A: If the surplus becomes a pressing issue for us, not only Libya but everybody will.

Q: But do not certain big OPEC producers, Saudi Arabia, for example, refuse to discuss production at OPEC meetings, claiming this is a question over which they alone have sovereignty?

A: The question of production is forcing itself upon us. If we want to get a fair price — we are not saying we want to exaggerate prices and to exploit consuming countries — you cannot talk about how fair a price is without saying what you are producing and the state of supply and demand. You will be discussing production indirectly.

Q: What is your view of the oil market today?

A: There is softening in the market. As for prices, they could go up, but not very sharply.

Q: Libya signed five exploration agreements with Elf-Aquitaine in December. Soon afterwards, the French government cancelled them. Are they really cancelled? What is happening?

A: We concluded commercial agreements with Elf-Aquitaine after a year of discussions and negotiations. They were fair for both parties. Then there were political problems that followed Libya's help for Chad and the French press was trying to make a big issue out of these agreements. They mixed up political and economic matters and overshadowed implementation of the contracts. But I think the French will realise that it is in both their interest and in our interest that these agreements be implemented. We are ready now. They were due to start work in January and we hope they realise that they should start.

Q: Are there signs that they will, at least before the French Presidential elections? Did you set any time limit on implementing the agreements?

A: We are in touch with them. Whoever comes to power would put the interests of France first and they are logical and fair agreements both for us and for the French. Anyhow, I hope they start implementing their agreements. It is not that we are in need. We have a few companies waiting for this acreage if the French do not implement their agreements. But there is a time limit for starting to implement the agreements of about four months. The agreements were signed in December and they will have to implement them soon. We look on the issue with flexibility.

For some of these exploration agreements, the contract is for five years; for some others it is for six years. Participation ranges from 25.75 per cent to 10.90 per cent, depending on the areas.

Q: What is happening between Libya, Tunisia and Malta over disputed ownership of offshore waters?

A: The dispute between Tunisia and Libya is in the international court and is under judgement now. As for Malta, we are in the process of exchanging ratification papers. Then we go to the international court.

Q: What is Libya's current oil production?

A: It varies between 1.5 million b/d and 1.7 million b/d, depending on our production capability.

Q: Are you planning to cut back production?

A: Yes, we have plans to conserve our resources. Last year, we cut 400,000 b/d. By the end of 1985, we might be producing between 1.3 million and 1.4 million b/d.

LABOR SHORTAGE THREATENS 5-YEAR PLAN

London 8 DAYS in English 11 Apr 81 pp 6-14

[Article by Michel Szwed-Cousins]

[Text]

The most important people in Libya right now are the planning experts. For this emergent oil state is at a crossroad, needing to define more precisely the type of industrial development it can realistically hope to achieve in the 1980s. Three months ago the 1981-1985 Five Year Plan - known as the Second Transformation Plan - came out in draft form. Now the planners are getting down to intensive revision of its aims in frank recognition of the fact that performance between 1976-80 'fell far short of targets planned'. The central failure is seen to be lack of skilled manpower required to build an industrial economy in which petrochemicals and metallurgy will bulk large. Libya does have a large pool of skilled and semi-skilled labour, but it is retained in the economically unproductive military sector. The planners have been directed to provide increased training opportunities for these skilled workers in all sectors - particularly agriculture, which employs 25 per cent of the working population. MICHEL SZWED-COUSINS files this report from Tripoli.

SIXTY KILOMETRES from the Tunisian border near the town of Zuara, Libya has built the massive Abu Khammash chemical works. It is almost certainly the most sophisticated plant of its type in Africa and probably one of the most modern in the world.

Inside it is gleaming with the latest West German high-technology equipment. As much as anything, Abu Khammash is a visible testimony to Libya's development - a sign of Libya's industrial tomorrow. The trouble is that little is happening there: the plant has still not come fully on stream because Libyans specially trained in West Germany to work its sophisticated equipment have been drafted into the army. At the moment, the West German management company, KHD of Cologne, is keeping the plant running with some German workers and only a small amount of salt is being produced.

The fact is that Libya is at something of a crossroads in its development planning. The question facing the planners is just how far does the country go in introducing new projects, particularly in the agricultural and heavy industrial sector - or should it

concentrate instead on improving what is already there.

In January this year, the General People's Congress (GPC), Libya's legislative body, passed the draft of 1981-85 Five Year Plan. The total projected investment is \$62.5bn, a large slice of which is to go to agricultural and industrial development. Agriculture is to get \$9.1bn and industry, including petrochemical development, \$8.7bn. The central aim governing development planning is the reduction of Libya's reliance on the oil sector as the main contributor to its economy. At the moment it contributes 64.3 per cent of revenues, and the intention is that it should go down to 46.3 per cent. The hope is that under the new plan, agriculture as a percentage of GDP should rise by 7.4 per cent and industry, including petrochemicals, by 21.6 per cent.

According to the new plan, Libya has fulfilled the objectives set in the last one, with 86 per cent of allocations spent and 70 per cent of projects implemented. However, one of the top priorities of the Second Transformation Plan (1981-85) is the completion of unfinished projects from

the last plan period. The signs are that the draft is now being drastically revised. The planning secretary, Musa Abu Freiwa, and his deputy, Bashir Salama, confer almost every day discussing changes.

What is worrying the planners is the apparent inability to get projects under way. Almost always the main reason given has been the lack of skilled manpower. The draft plan admits as much, particularly in the sections on agriculture and manufacturing. Commenting in this draft on the performance of agriculture during the last development period, 1976-80, the

planners admitted that performance 'fell far short of targets planned'. The target set for annual growth was 15.8 per cent. At the end of the plan period it was a paltry 2.9 per cent, and this after the allotted investment of \$4.1bn had been boosted by an additional \$1.4bn.

In manufacturing, excluding petroleum products, the planned annual growth rate in output was 25 per cent. In the event it was 16 per cent. Only sectors like electricity and oil and mining saw targets being largely met.

The planners' attempts to put a gloss on

New projects listed in the draft plan

	Estimated investment in \$million		
CHEMICALS		PETROLEUM PRODUCTS	
Soap (Zanzour)	10.1	Refinery (Rae Lanuf, 2nd stage)	358.1
Soap (Benghazi)	13.8	Refinery (Misrata)	202.7
School bags (Tripoli)	10.1	Refinery (Misrata)	37.2
Travel bags (under study)	8.8	Total	598.0
Plastic slippers (under study)	10.1	PETROCHEMICALS	
Polyvinyl sheets (Abu Khammash)	23.8	Methanol 11 (Marsa Brega)	135.1
Magnesia (Abu Khammash)	20.3	Urea II (Marsa Brega)	202.7
Vinyl tiles (Abu Khammash)	18.9	Fertiliser (Sirte)	337.8
Chemical complex (Marsa, under study)	18.9	Petrochemical complex (Rae Lanuf, 3rd stage, aromatics, polyester, fibres)	237.1
Phosphate fertilisers (under study)	180.8	Total	912.7
Total	321.9	METALLURGY	
BUILDING MATERIALS		Aluminium complex (Zuara, under study)	8.8
Cement factory (Sebha)	118.2	METALWORK, ENGINEERING AND ELECTRICAL EQUIPMENT	
Cement factory (Western Jamahiriyas)	50.7	Metal cans (Sabes)	22.0
Export cement factory	33.8	Metal structures	33.8
Lime factory	37.2	Metal containers	22.0
Light bricks plant (Souk el Khamis)	27.0	Different aluminium products	47.2
Sand bricks plant (Souk el Khamis)	13.5	Aluminium cables (Zuara)	51.7
Red bricks plant (Sebha)	27.0	Metal houses	20.3
Refractory bricks plant	27.0	Dry batteries (Tajoura)	13.5
Eternite sheets (Zanzour)	8.8	Electrical transformers assembly	18.9
Sanitary ware (Gharlan, new)	10.1	Water pumps	18.9
Sanitary ware (Gharlan, extension)	5.1	Household appliances (under study)	49.0
Wax tiles (Gharlan, extension)	8.8	Car assembly (under study)	8.8
Chalk production (Tripoli)	3.4	Total	380.1
Total	384.8		

the results are obvious. The projected 'Gross Value Added' in manufacturing — the income generated by a business, minus the cost of raw materials — which was estimated in 1975 at 84.7m Libyan dinars (1 dinar = \$3.37), was to rise to 323.4m. In the event, it reached only LD170.6m, giving an implementation rate of 68.9 per cent. However, the planners decided that the value added amount for 1975 had not been LD84.7m but LD65.5m (that is, 77 per cent of the original estimate). By making new estimates they were able to announce an increase in the implementation rate from 69 to 77 per cent (in fact it puts up the implementation rate from 35 per cent to 56 per cent).

Despite these attempts to fudge the

Libya imports 50 per cent of its food.

What the planners want to do is reduce the number employed on the land, but at the same time increase output. The draft outlines a new strategy, which was neatly encapsulated in one sentence: 'In view of the difficulties and shortcomings experienced in implementation of the 1976-80 Transformation Plan, in the agricultural sector, the second Transformation Plan will concentrate more on problems relating to institutional and human development and the consolidation of achievements already made.'

To achieve this, the emphasis is to be on education and training, not just on the use of machinery and fertilisers but in methods of storage and marketing. As far as

Investments by industry groups during 1981-85

Industry group	Total 1981-85 (in \$million)	Structure per cent	Growth rate 1981-85 per cent
Food industries	536.4	6.2	16.4
Textiles and leather	223.6	2.6	16.3
Wood and furniture	6.8	—	7.6
Paper and printing	25.3	—	9.7
Chemicals	657.7	7.6	35.2
Petroleum products	837.7	9.6	21.1
Petrochemicals	2,195.4	25.3	38.9
Building materials	702.3	8.1	13.9
Metallurgy	2,742.9	31.7	60.0
Metallworking, engineering and electrical equipment	609.7	7.0	28.9
Other manufacturing industries	168.9	1.9	3.4
Total	6,706.7	100.0	21.6

Source: Draft Plan, Secretariat of Planning, Tripoli

achievements of the last plan, the fact is that few have been taken in. Last January, the GPC in presenting the draft blamed the delays partly on administrative inexperience and partly on the over-ambitious targets and complexity of the previous plan.

The trouble is that, as one recently completed analysis of the draft plan commented, 'the same combination of factors can be expected to inhibit the implementation of the next plan'.

Nevertheless, while this scepticism is understandable, there is cause for optimism. As the priority given to on-going projects indicates, Libyan officials seem to be adopting a new frame of mind. Throughout the draft plan, the emphasis is on enlarging the pool of trained manpower rather than going for more and more projects. In agriculture, for example, although around 25 per cent of the working population are employed on the land, the sector accounts for only four per cent of the non-oil GDP. This low ratio does much to explain why — as the draft pointed out —

structures are concerned, the continued goal is for more cooperatives. Vital commodities like wheat will be reserved for the public sector and farmed by state companies. No new projects will be undertaken 'without appropriate feasibility studies' (surprisingly, something that has not always taken place so far). The overwhelming bulk of investment, \$3.9bn or 43 per cent, is to go on land reclamation projects, most of which have been going on since 1972.

There has obviously been some soul searching as to the potential of several projects and the draft states that rethinking is required on some projects. Primarily this is because of water availability. Irrigation is the key to expanding agricultural output and crops like olives and grains are to be transferred to 'dry farming'. The problem, as *8 Days* reported last July, is that underground water resources in the Tripoli ▶

Shortage of skilled labour — and its diversion to the armed forces — is vigorously tackled in new Plan

region have reached a critical level. To cope with this problem and that of the dropping aquifer level in the Gafara plain, one idea proposed is to pipe water from southern underground desert lakes to the coast. For vegetable production, increased emphasis is to be put on drip irrigation and, possibly, hydroponics. Nevertheless, the agricultural planners still hope to increase the area under irrigation in 1985 to 220,000 hectares compared to 182,000 last year.

A 'catch-up' period is projected for actual food production. The Plan wants to achieve at least what was projected under the 1976-80 plan. 'Meat and milk production are two main areas where the first Transformation Plan had the biggest setback,' the draft states, and there is provision in it not just for the improvement of indigenous cattle stock and expansion of high breeding stock, but for the creation of 'a strong dairy industry'. Targets for 1985 are 27 per cent growth in milk production, 30 per cent for meat and 91 per cent for eggs. As far as meat is concerned, the main emphasis is on beef and poultry rather than mutton, the Libyans' favourite meat. There are no plans at all to increase mutton production in the next five years. (With Libya's population projected to rise to 3.7m by 1985 this will obviously entail a drop in per capita consumption of mutton.)

What the planners hope is that tastes can be changed and that Libyans develop a preference for poultry, which is easier to rear. Last year, poultry production was 27,000 tonnes; it is scheduled to reach 43,000 tonnes by 1985. What particularly interests the planners is food substitutes, and the plan states: 'Efforts will be made to introduce new products like soya meats, margarines, reconstituted and flavoured milks, which are already in high demand in the industrialised world. Food industries will have to be placed in a high priority, and a beginning in this direction must be made during 1981-85.'

According to the planners, a major cause of the relatively poor performance of the manufacturing sector has been slowness in building plants. Other reasons given were the 'failure of the agricultural sector to supply sufficient quantities of raw materials for new food processing industries'. However, although the number of people employed in the manufacturing sector was 3,000 greater than the projected figure of 55,000 in 1980, the draft considered insufficient manpower to be the prime cause of the 'present very low capacity utilisation in many enterprises'. Utilisation (excluding refineries) is currently running at 54 per cent.

With an eye to exports — to cover the planned cutback of around nine per cent in oil sales — Libya is looking to three prime manufacturing industries: petroleum

Commodity growth rates during the first and second Development Plans

Commodity	1976-1980 Plan Growth rate per annum	1981-1985 Plan Growth rate per annum
Crops		
Wheat	10.2	15.2
Barley	-16.6	17.2
Other cereals	—	4.2
Legumes & Nuts	-7.9	-1.0
Vegetables	—	6.7
Fruits	4.6	2.8
Olives	9.2	5.2
Fodders	6.0	11.0
Total	1.8	8.9
Livestock		
Meat	3.9	5.1
Milk	4.8	4.0
Eggs	8.6	13.8
Honey	8.9	10.8
Fish	-3.2	19.0
Total	4.4	7.7
Forestry	10.8	8.5
Grand Total	2.9	8.5

Source: Draft Plan, Secretariat of Planning, Tripoli

products, petrochemicals and chemicals. Development of chemicals is expected to lead to further downstream chemical industries, manufacturing soap, detergent and plastic goods such as bags and shoes. The three industries are to receive, respectively, \$838m, \$2.195bn and \$658m. The lion's share of investment — some \$2.7bn, or 32 per cent of total planned allocations for manufacturing — is however to go to metallurgy. Nearly all of this is to go on the Misurata iron and steel works. In fact, about two-thirds of total investment for manufacturing is to go on projects already started, much of it on large ones like the Misurata works, the petrochemical complex at Ras Lanuf and the Abu Khammash chemical plant. The rest will go

Land reclamation schemes projected development budget

1981-85 (in \$million)

	1976-80	1981-85
Gafara Plain	1,184.0	1,216.1
Jebel Akhdar	780.5	918.8
Fozzan	435.8	503.3
Kufra/Sarir	199.3	293.9
Salut al Khadra	564.3	756.7
Other projects	256.7	264.5
Total	3,430.6	3,952.3

Source: Draft Plan, Secretariat of Planning, Tripoli

oil, entirely new projects which cover an enormous range.

Without actually saying which plants and projects will get the go-ahead, the draft mentions several under study. They include industrial bakeries, new semolina and flour factories, animal feed plants, factories producing underwear, socks, bed linen, glass, bricks and sanitary ware. However, Libya's intention to break out of the oil-economy stereotype is best demonstrated by its plans for engineering and electrical industries. According to the draft plan, the factories producing the following equipment are under study and should be under way by 1985: aluminium cables, water and electricity meters, transformers (assembly), woodworking machinery and equipment, fluorescent lamps, trailers (assembly), metal structures, car exhaust pipes and household appliances.

Also high on the Libyan shopping list in the new plan period is a car assembly plant. Fiat, in which the Libyans have a 15 per cent stake, is already building a truck and bus assembly plant at Tajoura. Sources in Tripoli say it is probable that a concern other than Fiat will be chosen — the government have apparently been looking with interest at Japanese, West German and British companies. French companies like Renault and Peugeot-Citroen were in the running at one stage, but political difficulties may preclude their selection. Already there are reports that Libya has decided to cut back on the agreement made last December to buy 30,000 cars from Peugeot Citroen, though nothing has been confirmed as yet. Except for cars brought in by individual Libyans, no saloon cars entered Libya in 1980, and the French deal marked a major liberalisation move, albeit a temporary one. This year, Mazda, Mitsubishi and Honda are to supply 52,000 vehicles, Volkswagen 10,000, and Fiat 12,000 this year.

When it comes to the sort of priorities that Libya has for implementing manufacturing projects, perhaps the best indication is the draft's comment that 'very rapid growth — at an average annual growth rate of output of 20 per cent or more' — is planned for six industry groups: metallurgy; petrochemicals; chemicals; metalworking, engineering and electrical equipment industries; petroleum products; and food processing industries. Priority targets, but at a lower rate of growth, have also been set for building materials, beverages, textiles and leather. Most of the anticipated chemical, petrochemical and petroleum products are marked for export.

Despite the much-heralded intention to cut the country's economic dependence on oil and create a broader industrial base, the fact is that much in the draft plan points to

oil remaining the cornerstone of Libya's economy. Sales of actual crude may drop as planned but their place, as the export-oriented manufacturing programme shows, is to be taken by petroleum and petrochemical products. It is significant that among totally new projects to be started, petroleum and petrochemical projects like the proposed new refinery at Misurata and the fertiliser plant at Sirte will receive far more investment than projects in any other sector. The only export line not directly dependent on oil is chemicals, to be produced at Abu Khammash.

According to the draft plan, the basis of oil policy over the next four years is a reduction in production and exports with a simultaneous stepping up of exploration both onshore and offshore. Explaining the policy in an interview with *8 Days* last month, Oil Secretary Abdussalam Zaaghar claimed that Libya's potential was in excess of 90bn barrels. A study to determine reserves is currently being carried out and a report is expected later this year. However, Zaaghar was optimistic about the potential of various new oil basins. The Ghadames basin, which should come on stream once the western pipeline to Zawia is completed would be particularly promising, Zaaghar said.

The oil secretary also emphasised that Libya wanted to increase use of secondary and tertiary methods of extraction. 'Using such methods would increase Libya's reserves by ten billion barrels,' he said. A study to establish the most suitable means of secondary exploitation is under way and should be ready soon.

Libya wants as many foreign companies as possible to get involved in exploring, says Zaaghar. In February, US oil majors operating in Libya were asked by Abdussalam Jalloud to step up exploration activity. Zaaghar made it clear, however, that the door is open to all-comers. Asked about reports that British Petroleum had been contacted and asked to return to Libya (they were expelled in 1971 and had their assets nationalised), Zaaghar said that that was not the case. He said BP had approached him but nothing came of it. But if BP got in contact now, it would be welcome. On the other hand, he made it plain that there could be no waiting around for companies to make up their minds. In a veiled threat to Elf-Aquitaine of France, which was awarded five new concessions in January, Zaaghar said while Libya wanted to work with the company, it could not wait for ever. The French government put pressure on Elf to postpone a final decision on the concessions because of the decline in Franco-Libyan relations over Chad. 'It is easy to reallocate concessions,' said Zaaghar, 'there are many companies after them.'

8 Days asked the oil minister exactly which oil companies would find their exports affected as a result of the new Libyan cutback policy — the national oil company or the foreign companies, most of which are allowed to export around 15 per cent of liftings. He replied that the burden would be shared by both. There are also plans for \$405m to be allocated to the Misela-Ras Lanuf oil pipeline, a further \$101m to be spent on completing the western pipeline from El Hamade el Hamra to Zavia, and \$412m on the pipeline carrying the gas from Mersa el Brega to fuel the steelworks at Misurata.

Other sections of the draft plan show electricity and desalinated water programmes are to get investment of \$7.3bn, transport and communications \$5.9bn, housing \$3.6bn, education \$4bn, health \$1.9bn and municipalities \$4.6bn. However, these are infrastructural developments — and it is clear that far more importance is attached to agriculture and industry. Infrastructural projects of whatever kind are far easier to implement, with the money available as well as the necessary foreign labour. Unfortunately, it is this very fact that puts such a large question mark over Libya's hopes for industry and agriculture.

Although large numbers of immigrants — Tunisians, Pakistanis and Sudanese —

can be found working in the few Libyan factories, ~~neither agriculture nor large-scale industry~~ are at all suited to dependence on foreign labour. In January, the GPC singled out shortages of trained manpower as the main obstacle to more rapid growth. Libya does in fact possess a large pool of skilled and semi-skilled labour, but it is retained in the economically unproductive military sector. The reason is that at the moment Colonel Moammar Qaddafi's political theories totally dominate economic principles.

Libya believes it is going to have to defend itself and its revolution, possibly in the not too distant future. Because of this, Qaddafi wants as large an army as possible: the figure of a million has been raised. The current notion is that the entire active population should get involved in some form of military activity and training, and the authorities are certainly thinking of increasing the size of the armed forces even further.

Should they do so, there is little chance for that agricultural and industrial self-sufficiency that is so close to Qaddafi's heart. That is why Libya is now at the cross-roads. Does it try to get the labour into the projects already finished and onto the fields to produce the food, or does it carry on as before? The answer should be known in July when the full plan finally appears.

LIBYA

BRIEFS

CAPITAL FOR AFESD--Libya will allocate a new capital participation of \$48 million to the Arab Fund for Economic and Social Development (AFESD), the Libyan Finance Minister said. The move is to cope with a resolution adopted by the fund's governors on a 100 per cent increase, the minister who was here for AFESD's board meeting told a Kuwaiti newspaper. Libya is a leading participant in Arab Funds and Economic Institutions and was the first country to endorse AFESD's move towards a capital increase, he said. Through bilateral agreements, Libya is providing substantial economic assistance to other Arab countries, the minister added. Libya's Arab Bank is also active in a number of sister states and taking a lead in financing development projects in Third World countries. "We are engaged in joint projects with Kuwait and the United Arab Emirates and hold a share in the one-billion dollar Arab Development Bank," he added. Libya is convinced that the "endemic diseases of Arab economies" can only be treated through cooperation, the minister said. [Text] [Kuwait KUWAIT TIMES in English 1 May 81 p 10]

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BOUABID COMMENTS ON MIDEAST, INTERNATIONAL RELATIONS

Casablanca MAROC SOIR in French 18-19 Apr 81 pp 1, 3

[Article: "Bouabid Clarifies Moroccan Point of View on Several Current Questions: Sahara, Algerian-Moroccan Summit, Morocco in 1981, Moroccan Support for Iraq, Role of Third World, Jerusalem, Middle East and PLO, Lebanese Tragedy"]

[Text] In an issue devoted entirely to Morocco, the Lebanese weekly, AL ITNAINE of Beirut, published an interview which the prime minister and minister of justice, Maati Bouabid, gave to its editor in chief, Ali Taama.

In this interview Maati Bouabid responded to several questions related notably to development activity in Morocco since the advent of King Hassan II to the throne, the political life in our country, the recuperation of our area of the Sahara, the eventual holding of a summit meeting of the two great powers, Moroccan support for Iraq, the reelection of King Hassan II to head the committee on Jerusalem, and on the situation in Lebanon.

Asked about development in Morocco over the past 20 years, Maati Bouabid underlined the fact that the Morocco of today is not that of 1961. It has undertaken major development projects, in the political, economic, and social areas.

After having recalled the recuperation of the Sahara provinces and the establishment of a healthy democracy, Maati Bouabid touched on the matter of economic and social development, mentioning the building of dams, ports, universities, industrial complexes, sugar refineries, and chemical plants.

Prime Minister Bouabid added that, "Morocco today has a constitution and a parliament, as well as legislation guaranteeing the freedom of assembly, expression, and association. Within our parliament there are deputies representing the various political tendencies of the country."

Responding to a question relating to the political life of the country and to the number of political parties which fully play their role, Prime Minister Bouabid stated that Morocco is one of the few countries in the Third World where the citizen enjoys full civil rights. The different Moroccan newspapers in some cases express the point of view of the government coalition while in others they express the point of view of the opposition, which, moreover, can equally express itself through meetings which it can hold in all areas of the kingdom or in parliamentary debates which are covered by television.

In answer to a question about subversion carried on by mercenaries of the Algerian-Libyan coalition, about the right of pursuit, and about rumors relating to the holding of an Algerian-Moroccan summit meeting, Maati Bouabid underlined first that the activities of the mercenaries are coming to an end and that each of their operations has become an act of suicide.

After having noted the visits made on the spot by foreign journalists, who have realized the correctness of our information and the falseness of our adversaries' propaganda, as well as the growing awareness of world opinion of the expansionist purposes of foreign forces which use mercenaries to dominate the region, Prime Minister Bouabid underlined the fact that the Moroccan people remain mobilized around King Hassan II to safeguard our territorial integrity.

Regarding the eventual holding of a Moroccan-Algerian summit meeting, Maati Bouabid recalled the attempts at mediation undertaken by several fraternal and friendly countries toward this end, but which have remained unproductive for reasons independent of Morocco's wishes. Then stating that the conflict is between Morocco and Algeria, Bouabid asked those who pretend the contrary to name who recruits mercenaries in African countries, receives them on its territory, arms them, pays them, and trains them to carry on their subversive activities.

Recalling that Morocco had put its territory and means at Algeria's disposal, and that it had unconditionally supported the Algerian revolution, which found a reliable ally in our country, Maati Bouabid expressed his profound regret at seeing Algeria act this way and show so much ingratitude toward the Moroccan people who made so many sacrifices for Algeria's independence and territorial unity. And he asked himself, "So where are we with regard to the unity of the Arab Maghreb, the unity of the Arab world, the unity of the Islamic world, if some among us try to break the unity of the other?"

Responding to questions regarding a summit meeting of the two superpowers, regarding Moroccan support for Iraq, and regarding the creation of a cooperative council for the countries of the Persian Gulf, Bouabid said that a summit meeting bringing the two superpowers together can no longer ignore the third force which the countries of the Third World constitute today.

Regarding the help Morocco gives to Iraq, Bouabid states that this support is in conformity with our foreign policy, whose basic principle is to help any country whose territorial unity and national sovereignty are threatened.

Regarding the third question mentioned above, Bouabid recalled the congratulatory messages addressed by King Hassan II to all of the members of the cooperative council of the Gulf countries, whose decision Morocco correctly values. He also noted the utility of these councils in the sense that they provide a place to generalize and to serve as a step toward the general union to which the Arab nation as a whole aspires.

Regarding a question on the reelection of King Hassan II to the chairmanship of the committee on Jerusalem and the failure of the "Camp David" accords, Bouabid spoke of the pride felt by all of Morocco following this reelection, which gives our country and our king the responsibility of liberating the holy land of Jerusalem.

Regarding the "Camp David" accords, Bouabid believes that it is appropriate to consider them to be null and void, given the fact that the participation of the PLO is indispensable to bring peace to the region.

Responding to another question on the situation in Lebanon and on a possible effort by Morocco to resolve the Lebanese problem, Bouabid underlined the fact that Morocco, which shares the sorrow of the Lebanese people, is disposed to participate in any unified Arab effort which makes it possible for the Lebanese people to live in peace and fraternity.

Answering a last question regarding an initiative by European countries to resolve the Middle Eastern question, Bouabid considered that there is every reason to welcome any European initiative aimed at resolving this problem, which will never be resolved without the participation of the Palestinians, with the PLO at their head.

The role of the European countries, he concluded, which have provided evidence, in their latest statements, of the legitimacy of Palestinian rights, can be positive and very important, with regard to the responsibility which is incumbent on the two superpowers for the resolution of this problem.

5170

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BA'TH PARTY PRESENTS ECONOMIC REPORT

London AL-DUSTUR in Arabic 23-29 Mar 81 pp 35-39

[Article: "Sudan's Cosmetics Will Not Compensate for the 'Marshal's' Corruption"]

[Text] This important study, published by AL-HADAF, the publication of the Arab Socialist Ba'th Party in the Sudanese region, discusses the substance and details of the current Sudanese budget. Statements in the study, which is a calm, scientific discussion of the economic and financial policies with regard to the national economy, are designed to face up to those facts that the finance minister has ignored, and which cause repeated crises in the Sudanese region's economic structure.

AL-DUSTUR is publishing this study, in view of its importance in reflecting the truth of the economic situation in Sudan, in the hope that it will provoke widespread debate about Sudan's current economic situation.

The finance minister's speech, and his new budget, comes after a full year of experience and a number of financial and economic measures, beginning with the actions of September 1979, and ending with the new budget. Based on those measures, and the budget's characteristics, we can grasp the basic threads of his economic program and financial and economic policies, so that we can deal with the issues of the national economy, face up to its worsening crisis, and then judge them objectively.

It is obvious that the state's annual budget is an important document, reflecting the truth of the country's economic condition, and surfacing the government's program, and its financial and economic policies for the new year, to deal with the issues and problems of the economic situation, and developing that, within its plan or comprehensive program for future years. In the budget speech, which the finance minister delivered before the so-called People's Council on 18 June 1980, the minister admitted the truth of the strangulating and worsening crisis, in which the country has been living for years, and the truth of the suffering and hard times faced by the masses of our people, as a result of the general economic deterioration. Based on this truth, an important step can be made toward defining the illness and problems of the national economy, and a significant beginning in defining the directions of the cure and remedies, both short and medium-range, as well as long-term. What is new in the budget? The minister defined five basic pillars, on which the new budget is based, which form the essence of the financial and economic policies, and the economic and social program for the ruling bourgeois, bureaucratic class. We shall discover that these five pillars are pillars of sand, which cannot fatten out of hunger, nor dispense with fear, because the present economic crisis is not transient,

that by providing the needed production and consumer goods' inputs. These are fine words, but after all, it is the state's duty to emphasize this above all; otherwise, what is its function then? The other aspect of the minister's words is the state's failure, throughout all the previous years; that was a basic reason for the high cost of living and the black market. It was and is the result of several circumstances, most importantly, the lowering of productivity, and the state's inability to import, due to its declining balance of foreign currency.

This condition still exists; there is no better evidence for that than the situation of the Jazirah project, and the state's resorting to borrowing from world money markets, under unfair conditions of high interest rates for short terms. This has forced it to devalue the pound, and adopt measures under pressure from the International Monetary Fund and world monopolistic organizations. The question is from where will the minister supply the inputs? Doesn't he know the country's financial situation and its hard currency balance? He has raised two ways to solve this problem. They are protocols of economic and technical cooperation with certain nations (the United States, Germany, France, etc), and some revenue collected as a result of the new financial measures and policies which were issued in September 1979. It is clear that both of these solutions are limited. It is enough for us to mention here that revenue for the past 9 months failed to solve the problem of providing inputs for production and the necessary goods and services, and led to a glaring increase in foreign indebtedness.

The third tool is to fight waste and extravagance in government spending. This is the ultimate in fine words and duty, but can the bureaucratic, bourgeoisie, with its greedy, consumer nature, implement a program like this? These words were continually repeated by previous finance ministers, until they became meaningless. It is sufficient here to point out the increase in number of high posts in the civil service, the ministers, the undersecretaries, the Socialist Union apparatus, the repressive agencies, etc., the trend toward regional government, which only means inflating the state apparatus in the region without increasing services, and the fumbling about regarding the issue of classifying and evaluating jobs, which has led and will lead to inflating expenditures for public administration, defense and security, without radically solving the problem of reducing the workers' living costs, etc. There are scores of examples of increased government consumer spending. Evidence for that is the inflation of the new budget, so that its expenditures have gone over a billion pounds.

The fourth inflation-fighting tool is to maintain commodity prices, whose importation the government controls, such as oil, wheat and sugar, within limits permitted by budget resources. The wording here clearly reflects the policy of supporting consumer goods required for the life of the majority of the people. This reiterates the domination of liberal, capitalist tendencies over the finance minister's thinking and budget supports. They are also the same tendencies and policies of the IMF, which in 1976-77, were imposed on the Sadat regime, involving government subsidies for certain necessary goods, such as wheat, etc. Can we expect such a trend from now on? In addition to that, the government has gradually relied on raising the prices of sugar and oil, as a basic source of revenue, as is well known. The cost of these two items has reached its highest point; therefore, the concept of subsidies contradicts the government's view of these two commodities.

On the other hand, the fumbling about by the author of the plan to classify and evaluate jobs reflects the true governmental view regarding the question of reducing the masses' costs of living. Increasing salaries and budgets will not solve

but is a structural crisis connected with the general crisis of the reactionary, dictatorial regime, and the capitalistic development path, which it has continued to follow throughout the previous years of its existence. Let us begin by discussing these pillars one by one.

Battle Against Inflation

The first pillar is war on inflation. The minister considers this issue to be the problem. He also blames it primarily on the wave of world inflation, and cites as examples the insane rise in prices of oil, wheat and sugar during the past year. Is it true that world inflation is the main cause of inflation, and the high cost of living, which the market and all goods and services are experiencing? Or is it the result of economic and financial policies, and consequently, the path of capitalist development, which the dictatorial, reactionary authorities have imposed on our country? The fact is that financial inflation is one of the causes, but not the main cause, because reflections of world inflation on the national economy are not unavoidable, but rather, are basically a result of subservient ties to the world capitalist market. It is a subservient bond, whose function is to suck up the resources of our country, through international firms and monopolies, and to transfer the sicknesses and economic crises of advanced, capitalist societies to our national economy, in order to keep it backward and subservient. Therefore, this cause is in fact the result of the policy of subservience, which the ruling clique continues to pursue, and is not preordained. The finance minister, with his concentration on the international cause, only confirms this, without acknowledging the inability of the reactionary, dictatorial regime, and the ruling bureaucratic bourgeois class, to build a progressive, national economy, independent of the world capitalist market and its numerous, racial companies. If the minister has neglected the basic causes, we can cite the most important of them: increase in the size of government spending, of a consumer nature; increased governmental and public sector indebtedness to the banking system, and the trend of banking facilities, which the private sector is obtaining, toward commerce, contractors, real estate, services, etc., and their withdrawal from fields of commodity production; the scarcity of commodities offered in the markets; the state's basic dependence for revenue on indirect taxation; and the financial measures of 15 September 1979, pertaining to freeing foreign currency, devaluing the pound, foreign trade, etc.

We shall detail all of these items in due time. The important thing is, how does the minister want to combat inflation? Erroneous diagnosis leads to erroneous results. However, we cannot demand of the ruling bureaucratic, bourgeois clique solutions that are outside the framework of their program or basic economic plan, supported by organizations of the new colonialism. In his speech, the minister starts from the bottom of its foundation, expanding the basis of capitalistic development, and bolstering the liberal tendencies within the Sudanese economy. This is the reason for inflation, and the high cost of living that we are experiencing. Along with that, he defines six tools, or weapons as he calls them, to deal with inflation and high prices. We shall discuss the effectiveness of these tools and policies.

His first tool is to control the disproportionate balance between the amount of money in circulation, and the quantity of goods and services available, by controlling the banking facilities of the government, and the public and private sectors, directing these facilities toward production, and confining them to those able to pay, etc. In order to ascertain the effectiveness of this tool, we should ask

whether the state is capable of maintaining such a policy? There are two important factors which argue for a totally opposite view, and together form one of the most important causes of high prices and inflation. They are government consumer spending, and the state's increased dependence on the banking system to finance its operations.

General government spending (central government, local governments, and the South) has increased from 143,000,000 pounds in 1969-70 to 943,000,000 in the new budget for 1980-81. That refers to current expenditure only. This is non-productive consumer spending represented basically by defense, security and general administration. In addition to that, there is expenditure for growth and projects which are not yet operable. Therefore, government spending, with its inflationary size, represents the most important factor driving inflation, because of its nonproductive consumer nature, and due to the fact that the new projects are inoperable, which means increased purchasing power, without corresponding production of goods and services. This trend is tied in with the greedy, consumer nature of the bureaucratic, bourgeois class. The best evidence of that is the amount estimated for current government spending in the new budget, which is equal to nearly 30 percent of the total domestic production. This reflects the constant increase of governmental consumer spending, and the state's inability to reduce it. Consequently, any talk about war on inflation, with serious efforts aimed at controlling and guiding government consumption, and directing it into productivity, in terms of rapid-return projects, is just mere words. There is another relevant factor, the escalating government and public sector indebtedness to the banking system. During the years 1975-76 to 1978-79, this indebtedness amounted to 442,611,775, and 894.1 millions of pounds respectively for those years. These figures alone reflect state dependence on borrowing from the banking system, as a basic source to finance their current operations. This same trend continues in the new budget; for this year, anticipated loans from the banks amount to 132,000,000 pounds. This figure does not represent borrowing of public sector organizations. Moreover, actual borrowing will greatly exceed that figure. In addition to that, banking facilities obtained by the private sector, or rather, commercial banking activity in general, is still directed primarily toward foreign trade, real estate and services generally while staying out of agricultural and industrial production. Therefore, the trend of state dependence on the banks to finance current operations, and the tendency of the private sector to invest in commercial, real estate and services fields, are an important factor in feeding inflation. It must be made clear that the issue of not borrowing from banks per se, but their spending in consumer and luxury fields. As a result of all this, the amount of money in circulation is constantly and quantitatively increasing, as the following table demonstrates:

Total Money in Circulation
(In millions of pounds)

1974	276.0
1975	309.5
1976	380.5
1977	531.9
1978	705.9
1979	936.5

His second tool to battle inflation is to fight scarcity of goods and services, and to deal with problems of lowered productivity, untapped energies, etc. He would do

the problem, but will lead to compounding inflation. Moreover, those who benefit from increased wages and salaries only constitute a small fraction, no more than five percent, of the total population. Therefore, increasing salaries will generate more inflation, which will gobble up workers' income in the state, as well as income of the masses of farmers, laborers and other workers, who make up 85 percent of the masses. Instead of that, the emphasis has been on prices and necessary consumer goods subsidies. However, the ruling bourgeois class and their allies only think of their narrow interests at the expense of the hardship and suffering of the majority of the masses.

The fifth tool is the gradual change from indirect taxes to direct taxation. Here we note that the state budget, throughout the entire period following independence, has continued to traditionally rely on indirect taxation as a principal source of revenue. These taxes and fees are levied on the consumer and not the producer. In the 1978-79 and 1979-80 budgets, indirect taxes and fees on goods and services averaged 74 percent of the total estimated revenues. In the new budget, indirect taxation occupies the same standing and importance, as will be apparent later.

Finally the sixth tool is to reduce inflationary pressures by selling government real estate outside the concession system and population districts, in order to withdraw funds from the market, and direct them toward productive investment.

This idea also is not new; prior budgets have included it. This confirms that its purpose is to increase state revenue, after announcing its inability to impose very profitable indirect taxes, and the failure of public sector organizations to achieve a real surplus. Despite that, the effectiveness of this, as a weapon to combat inflation, continues to be weak, or rather, would cause the continuation of inflation and speculation, and would encourage domestic capital to invest in non-productive sectors, with the state's support, and financed by its banking organizations.

These are the weapons with which the finance minister wants to declare war on inflation. Moreover, it is our view that the foundation of financial and economic policies, which have caused the inflation, cannot be a springboard to fight back at it. This is the essence of the contradiction between the goals announced by the minister, and policies that are proposed. This contradiction glaringly embodies the antiquated measures issued last year, which included devaluing the pound by 20 percent, and applying two rates for the pound, the first official, equal to \$2.00, and the second equivalent to \$2.25. Both of them are applicable to a definite list of imported and exported goods and services. These measures also included abolishing the system of bartering trade, and the system of importing without currency conversion, permitting Sudanese to open current accounts in hard currency, for use in import operations, abolishing restrictions on the entering and leaving of hard currencies from and to the country, etc. These measures are the basis of the program and policies, which the minister of finance has been announcing for the past year. They are inflationary measures, for the following reasons:

1. Devaluing the pound means increasing the money supply in exchange for the same amount of goods imported, and raising prices in the same proportion as the devaluation.

2. Two rates for the pound, and for exported and imported goods, opens the way for escalating prices to the true rate of the pound, or at least to the equivalent price. That is aided by importing without currency conversion being replaced by importing by the same means, but without restrictions or controls.

3. Changing foreign trade, and dependence on the free market, instead of payment agreements and the bartering system, causes prices to go up. That is a natural result of blind adherence to the laws of the capitalist market, which is governed only by the profit motive.

4. Freeing conversion of foreign currency costs the state the right to control its hard currency assets, and opens the way for wasting them in directions far from the country's true requirements. This compounds the inflationary effects of these measures, which were accompanied by steps to weaken the public sector's role, especially in economic and foreign trade activities (abolishing the monopoly concessions, which the public companies enjoyed, for coffee, tea, grain oils, etc.) From this review, we have reached the truth of the deception practised by the minister regarding the most serious issue of the national economy. The fact is that inflation is worsening day by day, due to the financial and economic policies pursued by the finance minister.

Continuation of the Policy of Economic Stabilization and Monetary Reforms

The second pillar, on which the new budget was based, is continuing the policy of economic stabilization and monetary reforms, aimed at correcting the domestic and foreign economic deficiencies.

He proposes several directions to achieve this goal, most importantly, support for the equivalency market to assist in generating new foreign revenue, encouraging non-traditional exports, attempting to index foreign debts, adherence by the banks to a system of deposits in the free account, establishing a securities and bonds market, etc.

The minister is concentrating on foreign balance, or what he calls the balance of payments. He proposes, as a remedy, the means and tools which stem from the foundation of his economic and financial measures during the past year, especially the actions of September 1979, whose inflationary effects we have already discussed, and on the possibility of indexing foreign debts, with the countries and financial institutions concerned, through the Paris club, which is supervised by the IMF. The Paris club, in its composition and goals, is nothing more than a trusteeship over the Sudanese economy, by the advanced capitalist countries and their monopolistic, financial institutions. This fact is the objective basis for IMF and World Bank pressure and interference in determining the directions of the national economy, and which are embodied in the program of economic stabilization and monetary reforms, aimed at expanding the base of capitalist development, and supporting the liberal tendencies in the Sudanese economy, and ultimately, tie the country to the capitalist and world market, through financial and monetary measures dating back before WWI, from which the capitalist countries themselves have been rid of for a long time.

It is important that, despite this, and despite all measures and steps taken throughout the past year, the minister is anticipating a large deficit in the balance of payments during 1980-81. The details are as follows:

Trade balance deficit of \$995,000,000

Unforeseen deficit \$250,000,000

Net deficit of current accounts \$1,245,000,000

Total balance of payments deficit \$500,000,000

Therefore, he expects that the current account deficit will reach \$1,245,000,000. This is the real argument against the soundness of the monetary and economic policies on which the budget is based. It was also expected that the outpour of foreign capital would lower the balance of payments deficit to \$500,000,000, despite the new financial measures, the amendment and combining of foreign investment laws, the expected success of efforts to excuse some loans and index the rest, the commitment of the Paris club to support Sudan, etc.

These expectations of the finance minister, despite their being far from accurate, are sufficient alone to prove the failure of economic stabilization and monetary reforms, imposed by the IMF, and behind it the Paris club, and the failure of financial and economic policies, which the dictatorial regime has pursued for years. This is because their result is to impoverish the masses for the benefit of a limited few parasitic bourgeoisie, and their masters in the imperialist, capitalist nations.

Comprehensive Structural Reforms in the National Economy

The budget's third pillar is to make comprehensive, structural reforms in the national economy, which include the reconstruction program, production relations, incentive systems, and financing, pricing and marketing in one package, etc. The finance minister cites, as an example of that, Numayri's actions concerning the Jazirah project, especially the irrigated agricultural sector, which he announced last June. He is also considering similar steps for the industrial sector generally, and the sugar industry in particular.

With these simple and decisive words, the minister surfaces the essence of his program and budget goals, without subterfuge of circuitous language. It is the expansion of the foundation of capitalist development, and confirming the liberal tendencies in the national economy. Although this direction is not new in its basis and general lines, it has begun to be characterized by two important developments:

1. The trend to eliminate the public sector, headed by the organizations which form the backbone of the Sudanese economy, such as the Jazirah project, and changing that for the benefit of a limited group of capitalists, at the expense of the toiling masses. This trend embraces all fields, especially foreign trade, agriculture and industry.
2. The entry of many foreign firms into various economic activities, whether directly or in partnership with local or international capital. This is represented by American and French oil firms, and their widening circle of activities in Sudan, under conditions injurious to the Sudanese people's right to safeguard their oil and mineral resources, and to exploit them in the interests of their progress and development. Other examples are the Kananah sugar company, the tire factory in

Port Sudan, and the textile factories, which form the vanguard of numerous foreign companies' activity in our country. The gravity of this trend stems from the nature of these firms, which is hostile to the development and growth of Third World countries, and from their vast capacity for domination, and both political and economic destruction. Further evidence of that is their activities and disgraceful acts in Latin America, Asia and Africa. Undoubtedly, the finance minister is aware of all that, but for his people, he wants to continue along the path of South Korea, Zaire, Brazil, Sadat's Egypt, and other countries within the sphere of American colonialist influence, and its international firms.

Protection of Progress with Justice

The budget's fourth pillar is protection of progress through justice. It should be noted here that talk about justice appears for the first time in the budget speech, and with special emphasis. In previous years, justice used to be widely mentioned. Is there a new reality? The new budget is no different than its predecessor. It is equally traditional in its composition and structure, in sources of revenue and expenditures. The minister skips over this conspicuous reality, and insists that his budget is distinguished by its justice, because of its concern for three issues, changing from indirect to direct taxation, support for decentralization, local government and expansion of health and educational services, and classification and evaluation of jobs. In order to discuss these claims, we must look at the structure of revenues and their sources, and the aspects of government spending, during the past few years, since that is an important indicator of tendencies, sources of revenue and new budget expenditures.

New Budget Sources of Revenue

During the period 1969-70 to 1978-79, indirect taxes constituted 74.1 percent taxation (taxes on profits and personal incomes, etc.) did not exceed 10.7 percent. The following table illustrates the composition and sources of state revenues during the past several years:

	74/75	75/76	76/77	77/78	78/79	79/80
Indirect taxes	33.0	34.4	43.7	50.7	57.5	61.9
Direct taxes	208.9	264.3	296.4	339.2	363.8	264.2
Jazirah project	1.8	--	3.0	6.0	7.0	--
Remaining Organizations	9.3	8.8	11.9	25.3	25.6	.5
Other	34.8	25.3	33.3	30.4	132.8	250.2
Total revenue	287.8	332.8	388.3	451.6	587.7	578.2

Notes: 1. 1979-80 is up to March 1980

2. 'Other' includes pension deductions, local compensation for loans, sale of government land, property settlement, conversions, Treasury conversions, etc.

3. Indirect taxes include customs, production fees, sugar profits, etc.

This table is the best evidence of the state's budget dependence on indirect taxes, paid by the masses of workers, farmers and herders, year after year, increasing in size, while profits from the Jazirah project and public sector organizations decline. As for direct taxes, their size and share in the total revenue is not in proportion to the incomes of the capitalist class and the privileged groups in society. The reality of the disease throughout past years is what defines the makeup of revenues in the new budget. The minister has no choice except gradually to change from dependence on indirect taxes to direct taxation. Moreover, the nature of bureaucratic, bourgeois authority will not enable it to make this change, which directly affects its narrow interests and the interests of its parasitic, capitalistic allies, the big businessmen, agents of foreign capital, etc.

The measures that the minister announced in his speech will not alter the basic structure of state revenues, nor the huge burden which the toiling masses bear. The introduction of a card system does not represent a basic change in the income tax, but is only an action to enable the Bureau of Taxation to reach the goal it was unable to reach previously, i.e., reducing the customs fee on some goods and increasing it on others. This is a limited action, and will not alter the size of the anticipated shortfalls in quantity of goods, nor abolish the black market, etc. On the contrary, the masses will suffer from high costs, and very serious scarcities. What it will gain is more hardship and suffering in life and bearing more taxes and burdens.

Government Spending Trends

Naturally, state revenues and expenditures increase year after year, by virtue of its increased responsibilities in various fields. In order to ascertain the real reason for increased government spending, we must learn its composition and directions.

In view of the fact that that is the argument which defines the nature of this spending, the extent of its share, and its effect on the total economic situation, generally, and regarding production development and reduction of living costs in particular, the minister concentrated, in his speech, on concern for three principal issues, support for decentralization, health and educational services, and the plan of classification and evaluation of positions. This was his evidence for the direction of government spending toward creating justice in the distribution of national income and services, toward a comfortable life for the masses, and an improved standard of living. Despite the lack of detail in the minister's speech, he cited the following distribution of current government spending in the new budget:

1. Local popular government, 225.8 million pound
2. The South, 40.0 million pounds
3. Regional government, 4.9 million pounds
4. Total of 1, 2, and 3 is 270.7 million
5. Central government ministries and bureaus, 159.5
6. Central national obligations and control organizations, 509.3
7. Total of current government spending, 939.5 million pounds

Regarding this distribution, we can note first that there is a 3,000,000 pound difference in total spending mentioned in the speech, and the total amount of 943,000,000 pounds. Perhaps that is because of inaccuracy. We also note that the total estimates of government spending are close to a billion pounds, i.e., an increase of 123,000,000 pounds over last year's estimates. As for the distribution of this amount, it was as follows: 28.7 percent for local popular and regional government, and the South; 17.0 percent for central government ministries and bureaus which provide services to the region; 54.3 percent for central national obligations and control organizations, which include the people's palace, the courts, defense, security, foreign affairs, the People's Council, loan installments, pensions, higher education, and the reserve.

Total of 100.0 percent.

Distribution of Government Spending in Millions of Pounds

	69/70	73/74	78/79	79/80
Economic services	18.3	23.4	29.6	36.8
Social services	19.8	16.8	30.6	36.0
Debt installments	9.2	19.0	67.1	111.0
Defense and security	37.1	41.2	73.5	120.0
Other	59.5	89.2	373.9	516.3
Total government expenditures	143.5	189.6	573.7	820.1

Source: Ministry of Finance--All figures reflect actual disbursement, except 79/80 figures, which are estimated

Percentage of Distribution of Government Spending, According to Sector

	69/70	73/74	78/79	79/80
Economic services	12.7%	12.3%	5.2%	4.5%
Social services	12.8%	9.0%	5.3%	4.4%
Debt installments	6.4%	10.0%	11.7%	13.5%
Defense and security	25.8%	21.7%	12.8%	14.6%
Other	41.3%	47.0%	65.0%	63.0%
Total government expenditure	100.0%	100.0%	100.0%	100.0%

Note: The 'other' category includes local government, the South, organizations' deficit payments, universities, administration services, general reserve, Ministry of Finance, Planning, Foreign Affairs, Treasury, etc.

From these two tables, the direction of government spending becomes clear, and its main concentration on public administration, defense, security and loan payments, while not including a share for health and educational services, etc., except as a small part of the total spending. If this is the case up to this year, it characterizes the new budget as well.

Continual Growth Leap

The general pillar for the new budget is continual growth. What is new in the development budget? Without going into detail, we can say that since 1978, the construction of new projects, as a part of the economic stabilization program, has ceased. The annual plan has been shelved, replaced by the third investment program. The first was 1977-79 to 1979-80; the second covers 1980-81 to 1982-83. It is stabilization program, to deal with the faults that the previous years have uncovered. The new development budget does not go outside of this framework, which previously distinguished it.

It has concentrated on existing projects, in order to get them fully operable, on projects which have not yet been completed, etc. It has clearly emphasized capitalist, liberal directions, in regard to governmental participation with foreign capital in several projects, in amending and combining investment laws to encourage local and foreign capital to distribute their activities within the country, in restructuring of specialized banks (industrial, agricultural and real estate) and changing them into commercial banks, and in the finance minister's promise of structural reforms in the industrial sector in general, and especially in the sugar industry, which is tantamount to Numayri's decrees about the Jazirah project, the irrigated agricultural sector, etc.

In a word, the new budget reflects the state's continuation of its plan to abandon its role in development, in favor of local and foreign capitalism. It is a plan that even the deep-seated capitalist countries have rejected, and which British capitalism avoided during the occupation years. The government of 'Abbud, and various traditional governments, also rejected this. Can we say that there is a connection between these directions, and the escalating activity of numerous foreign companies in Sudan, during the last few years, especially in the petroleum field?

That is not important now. The important thing is that growth continues for the benefit of a limited few in society, and to benefit certain foreign powers, at the expense of the majority of the masses of people.

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CSO: 4802/670

EFFORTS MADE TO STEM EMIGRATION

London AL-DUSTUR in Arabic 23-29 Mar 81 pp 8-10

[Article: "New Regulations for Emigration from Sudan"]

[Text] Major General 'Umar Muhammad al-Tayyab, chief of state security, and chairman of the Special Ministerial Committee to study recommendations and options, relative to guiding and regulating emigration, announced a group of decrees pertaining to regulating emigration. He announced abrogation of the process for individual contracts, and the nonrenewal of any contract, by specific offices that had been doing that, after expiration of those contracts.

He announced that the person emigrating would be subject to a 20 percent deduction from his income, which would automatically be transferred to his account in Sudan. He referred to the fact that that would ensure the emigre's loyalty to his country, since this problem used to be a loophole, with respect to emigration in the past.

He made it clear that these two decrees, and the rest of the decrees, are underscored by the bilateral agreements that have been ratified with certain nations, in which a high percentage of Sudanese emigres are located.

He said that regulating the lending of officials to other nations was to be decided immediately by a clear priority, and in accordance with clearly defined regulations, including the country's capabilities and needs. He referred to the fact that each ministry would maintain special dossiers, setting forth the official's priority, with respect to being lent, according to qualification and preference, in order to avoid the lending becoming robbery, and to ensure that it is used as an incentive for the outstanding officials who fulfill their duties completely.

With respect to those being sent, at state expense, to receive higher specialized training, it was decided to review the contracts, which the state normally makes with the student, and the national training laws and regulations, inasmuch as the delegation's expenses are a debt on the individual being sent, along with compliance with the provisions of article 28 of the service allowances law, which governs the problem relative to resignation.

As regards officials who leave the service without announcement, the law of workers' accountability has been amended, so as to reflect appropriate penalties.

AL-DUSTUR's Commentary

Some informed persons believe that the purpose of these decrees is primarily political, and is an attempt by the authorities to curtail emigration, or getting out of the country out of the authorities' reach. At the same time, it has imposed a tax on emigres, amounting to 20 percent of their income, which they receive abroad, or confiscates the emigres' savings, as has happened before. The government has confiscated 15,000,000 pounds sterling from emigres' funds.

With regard to restrictions on travel, this method, which the government or authorities know before anyone else, is an unworkable procedure, especially with regard to those located abroad. This has not been the first attempt, nor will it be the last, by the authorities.

The opposition expects more severe measures, and some think that intimidation is the purpose of these measures, going hand in hand with Numayri's threatening that in the Central Committee's meeting.

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29 May 1981